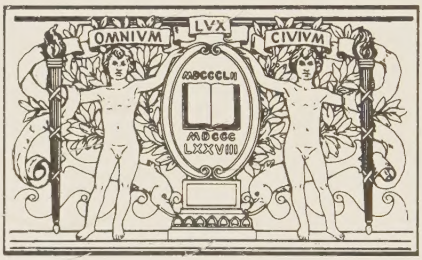
THE LARGER LIBERALISM

EDWARD BERNARD BENJAMIN



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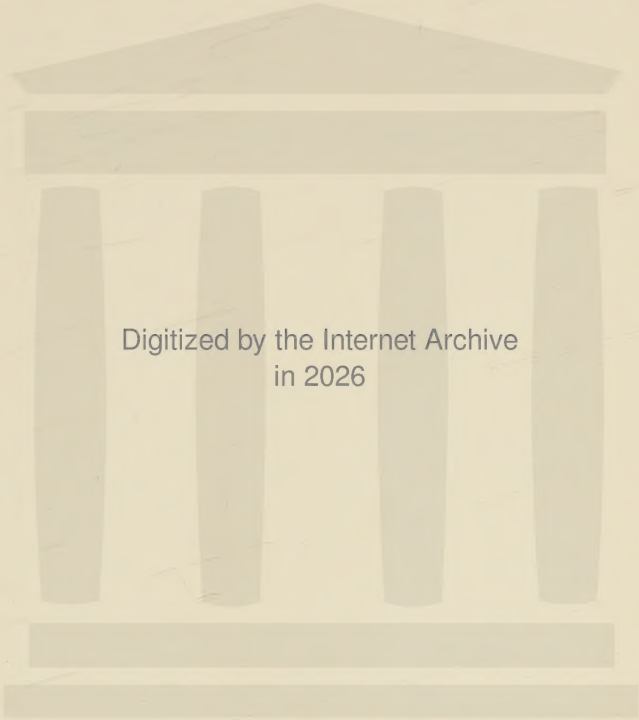

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THE LARGER LIBERALISM

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By
EDWARD BERNARD BENJAMIN

Outlines of a Social Philosophy for the United States of America

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THE LARGER LIBERALISM

INTRODUCTION

1. Social reform and the hour, p. 1. 2. The author and the author's aims, p. 5.

ENTHUSIASTS in any great cause with a past tend naturally to err in relating the present to that past. Thus it is that in estimating the strength of the liberal tendencies of the day, we easily overlook the half century which brought forth such men as Cobbett, Bentham, Place, Owen, Fourier, Saint-Simon, Proudhon, Disraeli, Engels and Karl Marx; and the decade which produced the Webbs, Shaw, Wells and Hobson.

However this may be, the fact stands that probably never before in history has the cause of social reform received a more respectful hearing than at the moment. We are speaking now in particular of social reform as directed towards more equitable distribution of wealth and the improvement of working conditions in industry. This liberalism of the hour has become for the intellectuals of all countries a

vital interest; has attained, indeed, a sort of intellectuality of its own. But this interest extends far beyond any one class. Thus in our own country, the "Reconstruction Report" of the British Labor Party, originally brought out by the *New Republic,* has been written up for the *Saturday Evening Post,* and been made a topic of discussion by the members of the American Economic League. Of special significance is the spectacle of American business men, among them some of our best-known financiers, gravely and considerately debating industrial reforms which twenty years ago would have seemed out-and-out revolution. The faith of organized labor, "Things will be different after the war," apparently has attracted converts from altogether unexpected quarters.

There are several factors accountable for this sudden accentuation of interest in social reform. Partly the phenomenon in question arises as a result of the Russian Revolution, which not half understood by the great mass, has touched the imagination of many, bringing home a realization of what men can be goaded to by suffering and oppression, and a remembrance that the catastrophe of the past lives on in the present. Partly, also, this phenomenon

represents the outgrowth of the spirit of change engendered in all classes by war. People suffer much; they seek to retrieve all. "English troops are coming back . . . arguing that they now have a stake in England — that they have fought for it — and that England means to them a different England than England before the war."[1] "The sons of Oxford and Cambridge, having gone forth to die for the People, will return to live for the People."[2]

But primarily this new attitude on the part of many members of our society is traceable to the extraordinary conditions of production arising from the war. The warfare of to-day, essentially one of *matériel*, has brought us to a new dependence upon the laboring classes. The acute labor shortage, an outgrowth of the diversion of man power to army and navy, has greatly strengthened the wage-earner's position. In the recognition during the war by the English and American governments of a definite labor interest, we perceive the realization of this fact by the statesmen of both countries. The appointment originally of

[1] Paul A. Kellogg. Address before the Unitarian Club of Boston, April 10, 1918. Reported in the *Boston Herald* of the 11th.

[2] The Most Rev. Cosmo Gordon Lang, Archbishop of York. Address before Faculty and Students of Harvard University, March 25, 1918.

Mr. Arthur Henderson to the Cabinet, and of Mr. Gompers to the Council of National Defense; the introduction of country-wide systems of wage arbitration and trade agreements; the provisions in both countries for national housing, are all reflections of the war-time necessity.

Because she first experienced the throes of the Industrial Revolution, because of the proselytizing and organizing efforts for years before the war of able British leaders of liberal thought, because of the political representation of social reform in a National Labor Party, and because of the convulsive reorganization of British industry necessary to meet the demands of a war conducted on an altogether unexpected and hitherto inconceivable scale, it is England which sends forth the social philosophy of the hour. Not with one or two, but many voices, she speaks — something not very generally recognized in this country. To the right stands Mr. Wells, single-handed and alone; in the center, Mr. Webb and Mr. Henderson; to the left, G. D. H. Cole. Between them are many others of varying faiths and beliefs. The process going on in England is called evolution. In it we perceive the social soul of a nation in the making.

For the most part, to-day as always, writers on the subject of social reform are not engaged actively in the industrial sphere. As a rule they are professional men — teachers, journalists, statesmen, and the like. It is the fortune of the author, in contrast, to be a business man, one of the new generation of American employers. In his college days a keen student of distributive justice, the author has maintained an intense interest in the subject on leaving his university for the place awaiting him in industry. To the author, as to a growing number of other business men, his vocation has meant from the beginning something more than mere money-getting — meant in fact something very much akin to a profession in the best sense of the term.

It was the author's hope through a lifetime of active endeavor and first-hand observation to attain some day a sociological insight of real and indubitable value. This hope, like so many on the part of us all, the war threatens to cut short. "The Larger Liberalism" represents the road so far traversed to its realization. It is admittedly the writing of a very young man. In presenting the work to a select group of readers, the primary assumption of the author has been that his method of ap-

proaching his subject, aside from any working utility which this method may lend to his philosophy, in itself merits living on. Written not from the standpoint of the American employer, but with the knowledge of the employer and of the student of business, the book represents an attempted testing out of the theories of social reformers in light of every-day industrial life. If in contrast to the abstractions of professional economists and social philosophers, the work gives forth a single trace of an understanding of the body and warmth and biological complexity of the business world, its purpose in part, at least, has been accomplished and its title, "The Larger Liberalism," fulfilled.

The writing has been divided into chapters as follows:

I. The Indictment of the Existing Economic Order
II. Suggested Remedial Orders
III. A Critique of the Indictment
IV. Criticism of the Theories of Social Reform.
V. The Revolution to Hand
VI. Conclusion

The first two chapters draw without reserve upon the writings of others. Here, as throughout the work, conscious borrowing of word or thought is always acknowledged. Chapter three departs, both in matter and presentation, from the usual methods of social philosophers. This part of the work represents an attempt to take a cross-section of life, an application to our task, as it were, of the technique of science. With this laboratory material at hand, the author goes on in chapter four to a technical critique of chapters one and two. Chapter five embodies the planks of the author's own platform of reform. Chapter six very briefly summarizes the conclusions arrived at, and offers, finally, a suggestion as to the place of liberalism in life.

CHAPTER I

The Indictment of the Existing Economic Order

A. English criticism of the conduct of the war: *1.* Losses on the part of the wage-earner—Americanization of British industry, p. 9. *2.* Profiteering and inefficiency of private employers, p. 13.

B. Pre-war criticism: *1.* J. A. Hobson's analysis of "human costs" in industry, p. 15: *a.* Monotony of labor, p. 17; *b.* Subordination of the wage-earner, p. 19; *c.* Risks and insecurity of industry, p. 20; *d.* Nervous fatigue in industry, p. 21. *2.* Inability of employers themselves to bring reform, p. 22: *a.* Economic obstacles, p. 22; *b.* Psychological obstacles, p. 23. *3.* Unreason in the business world, p. 25. *4.* Human costs in consumption, p. 27: *a.* "Honorific waste," p. 28; *b.* "Pecuniary respectability," p. 32. *5.* Inequality in wealth and the effects resulting therefrom, p. 33.

A GREAT part of the criticism of the existing order heard at the moment, arises in connection with the conduct of the war. Three distinct targets are made the objects of particularly violent assault by English labor leaders: the relaxation of union standards during the war; the threat to the welfare of labor presented in Britain's projected trade

expansion after the war; the conduct of "capitalism" in war.

English labor feels that by generous patriotism it has lost much and gained little. Through the Munitions Act and other legislation there has gone on in England the process known as "the mobilization of labor." Through this, first of all, the freedom of the laborer to come and go has been seriously curtailed. The right to strike in the vital industries has been taken from him and new disciplinary rules imposed. In the interest of increased national productivity, labor has made other sacrifices. English trade unions by agreement with the government have consented to the discard of time-honored workshop standards in the way of apprenticeship, output, and technique. They have experienced their first taste of Scientific Management. Supposedly, changes in industrial technique have been compressed into a couple of years which under normal conditions would have taken twenty or thirty years to come about. G. D. H. Cole in his last book tells us: "Men and Machinery alike have been running at speeds hitherto unknown." [1]

[1] "Self-Government in Industry," G. Bell & Sons, London, 1918, p. 56.

Cole uses a nasty phrase for Scientific Management. He calls it "americanizing British industry." If we can judge from him, English labor's reaction to the innovation must be of the bitterest. "To americanize British industry, to cheapen the cost of labor, and to reduce the workers to mere automatic machine tenders, whose hours of toil in the workshop make them fit only to be submissive hirelings of the rich — this is the capitalist ideal. It is the ideal of slave-owners."[1] Cole feels convinced that under no circumstances can Scientific Management administer in the long run to industrial efficiency. He sums this up in saying, "Higher wages will not make less dreary or automatic the life of the worker who is subjected to bureaucratic expert control and divorced from all freedom and responsibility."[2]

The bitterest pill for the English Unionists to swallow is the growing conviction that they have been duped. In the agreement referred to above, the government solemnly pledged itself to restore trade union conditions and "pre-war practices." An increasing part of the British public is coming to be of the opinion that England cannot give up the war's gain

[1] "Self-Government in Industry," p. 21.
[2] Ibid., p. 53.

in industrial efficiency. It is significant that Mr. Sydney Webb himself, in a series of articles for the *London Times,* has recognized a limit to the extent of the sacrifice which the unions can call upon the nation to make in fulfilling her pledge. And though Mr. Webb has demanded much for labor by way of compensation, this consideration has not saved him from criticism at the hands of its more radical leaders.[1]

Cole's sentiment, in regard to the situation as a whole, bears quoting at length: "The history of trade unionism during the war furnishes little encouragement for hope in its future wisdom. Beginning with the declaration of an industrial truce by the leaders without the securing in return of any concession from the employers or the Government, it has gone on from mistake to mistake. At every turn, Labor has been outmanœuvred. It has given up without a struggle many of the fruits of a century of organization and sacrifice; but it is a strange fact that each sacrifice has only earned it a further reputation for lack of patriotism. The

[1] Mr. Webb's articles have since been republished in pamphlet form. "The Restoration of Trade Union Conditions," B. W. Huebsch, New York, 1918.

number of strikes during the war has been astonishingly small, and hardly a strike has broken out without most serious provocation; but the public remembers only the strikes that have taken place. . . . To those who know anything of workshop conditions, the sustained output of munitions has been a marvel; the workers have laboured ungrudgingly for long hours and have acquiesced in the most drastic restrictions on their liberty, personal and industrial. But the public remembers only the vague charges of drunkenness and restriction of output brought by Mr. Lloyd George, and does not remember how completely every one of these charges has been refuted. It is of no use to blink the fact that, despite all the sacrifices Labor has made, it is even more unpopular than if it had not made them. The chances are that, in its hour of danger after the war Labor will have public opinion heavily against it."[1]

Labor's "hour of danger" refers to the possibility of capitalistic exploitation of the wage-earner after the war. Demobilization in itself will precipitate a tremendous problem.[2]

[1] "Self-Government in Industry," pp. 12–14.

[2] Various methods of handling the problem are suggested in the "Reconstruction Report" of the British Labor Party, to be dealt with later.

But a greater danger is foreseen in the aspect of financial readjustment. A general industrial disturbance will follow peace. Employers will have provided themselves during the war with an abundant supply of "diluted" (weakly organized) labor; their position will be further strengthened by the demobilization of the army with its millions of men thrown back onto the market. Faced with competition in the world markets of the heaviest sort, British employers can be expected to show no mercy. The Scientific Management which has made such great strides during the war will inevitably be extended. Eventually, it is feared, Great Britain will be turned into a replica of Pittsburg or Chicago.[1]

Such anticipation of danger typifies the constant alertness of England's labor leaders of the day.

Counts against capitalism's conduct in the war include curtailment of output, failure of adaptation of product to war-time needs, and various other modes of profiteering. "Innumerable new private fortunes are being heaped up by those who have taken advantage of the nation's needs; and the one-tenth of the population which owns nine-tenths of the riches

[1] "Self-Government in Industry," pp. 1–12.

of the United Kingdom, far from being made poorer, will find itself in the aggregate, as a result of the war, drawing in rent and dividends on a larger scale than ever before."[1] Competition, we are told, has proved its wastefulness. "Capitalism has broken down under the strain of war, and the efforts of the state to make up for the deficiencies of capitalism have raised more problems than they have solved. . . . It is not to capitalism that we owe the mobilization of National resources; the motto of capitalism has been 'business as usual.'"[2]

Against the press — "news written on the back of advertisements," — British labor has come to harbor a special grudge. Through its domination of the press, capitalism is alleged during the war to have poisoned the popular mind, and at the same time to have covered up its own deficiencies.

Criticism of business men on the scores of profiteering and inefficiency has not been confined to England. In regard to American producers, Professor Veblen, speaking before the Institute of Social Science, said: "The points

[1] "Reconstruction Report," B. L. P., *The New Republic*, Feb. 16, 1918.
[2] "Self-Government in Industry," 1918, p. 7.

and passages in the conduct of industrial affairs at which vested interests work at cross purposes with common good, are many and various. . . . There are few lines of industry where nothing of the sort occurs. The inefficiency of current railway enterprise, e.g., as seen from the point of view of material usefulness, has forced itself on the attention of the administration under pressure of the war situation; so has the privately owned production and distribution of coal and the handling and distribution of food products. Shipping is coming under the same charge of costly incompetence, and the oil, steel, copper and timber supply are only less obviously getting into the same general category of public utilities legitimately mishandled for private gain."[1]

Let us now turn to the criticism of the existing order as heard before the war.

The most careful study of the conditions, relations and technique of modern industry from the standpoint of the employee's welfare, and certainly in these respects the ablest indictment, presents itself in J. A. Hobson's "Work and Wealth — a Human Valuation."[2] Therein

[1] *The New Republic,* April 13, 1918.
[2] The Macmillan Co., New York, 1914.

an economist attempts for the first time an analysis of the "human costs" entering into the function of economic production. Along with this the effort has been made to resolve the economic utilities of the goods and services produced into terms of human utility. The moral to be drawn from Hobson amounts to a realization of the fact that neither the monetary cost to the producer, nor the monetary cost to the consumer, determines the value which a truly social judgment sets upon a product. Rather is it the consideration of conditions of production from the standpoint of the social welfare, and the consideration in the same regard of the purpose and effect of consumption, which forms this evaluation. Following this mode of reasoning, "we discover that any two bodies of economic wealth, possessing the same pecuniary value, may differ enormously in the quantity of human cost they carry."[1] And pursuing a similar analysis from the standpoint of consumption, we arrive at the fact that "equal quantities of income yield in their consumption widely diverse quantities of human utility or welfare."[2]

Social philosophers worthy of the name have

[1] "Work and Wealth," preface, p. vii.
[2] Ibid.

come without exception to regard the effects of an unmitigated policy of *laissez-faire* as gravely detrimental to society's welfare. From the second quarter of the last century on, they have pointed with special emphasis to the evils attendant upon that earlier mechanization of production which ushered in the economic reorganization popularly known as the Industrial Revolution. Already in Disraeli's "Sybil,"[1] Warren, the handweaver, cries: "It is that capital has found a slave that has supplanted the valor and ingenuity of man. Once he was an artisan: at best, he now only watches the machine. . . . The capitalist flourishes while we sink lower and lower; lower than the beasts of burthen. . . . And yet they tell us that the interests of capital and labor are identical." Written nearly one hundred years ago, these words might be gleaned from the writings of a dozen liberal thinkers of the day. For all its productive efficiency, mechanization of industry, as embodied in the factory system, has gained few friends.

First of all the human costs regarded as the outgrowth of modern industrial conditions, is the monotony of labor bred by repetition. To-

[1] Published 1845.

day there obtains generally what economists are accustomed to call the "large-scale division of labor." The workman does not complete his product; he manipulates the raw material at some one stage of production. Or, he operates or superintends the operation of a machine which manipulates the raw material at some one stage.

In either case the workman's task is highly specialized; it is apt to be mere endless repetition.

Once upon a time men were artisans. They practiced their handicraft, so writers tell us, in a spirit of pride and accomplishment. Their labor and their product both were diversified. Take, for instance, the cabinet-maker of old. To him each fresh process brought diversion, each new pattern of production, adventure. Work was both a joy and an elevation of spirit.

Nowadays, in contrast, due to the mechanization and division of labor there is totally lacking on the part of the individual workman any appreciation of the utility of his labor. "He does not himself make anything that is an object of interest to him." And, "A man who is not interested in his work, and does not recognize in it either beauty or utility, is

degraded by that work whether he knows it or not." [1]

A second human cost regarded as peculiar to modern industrial conditions, arises from the subordination of the mass of workers to a few directing heads. Once upon a time, men's workshops were their homes; now men hire out to be exploited under factory roofs. Indeed, Hobson considers that "it is not so much the absence of novelty involved in repetition, as the absence of personal liberty and spontaneity that counts most heavily. . . . Servitude to another's will is always irksome and may be degrading." [2]

Here we see, it is not the possibility of neglect of the laborer's interest that is associated with the employer's control of industry. It is rather an actual indignity which is held to be attached to the employee's position in the "wage-system." Hobson admits this indignity only to be really great where the relation between employer and employee is personal, as, for instance, in household service. But Hobson believes education has gone far enough to make the factor important in working-class discontent.

[1] "Work and Wealth," pp. 87–88.
[2] Ibid., pp. 85–86.

In so far as it manifests the spirit of the time, this phase of industrial unrest deserves the closest attention of students of the subject. There can be no doubt that at the present moment labor leaders are making great capital out of this aspect of employment. British working-class agitation tends more and more to center upon it. In fact, Cole would have us believe that the cry now widely heard in England for the "democratization of industry," has as its primary end the removal of the indignity of the "wage-relation." Not poverty, but inequality, we are told, galls the heart of the working classes of modern society. Poverty is merely a sympton; slavery is the disease.[1]

Physical risks of industry and insecure tenure of employment also touch the imagination of social philosophers. Hobson in one of his earlier writings sees education increasing the realization of the former, and this "growing sensibility" accumulating in worry. Seasonal and cyclical fluctuations in employment have come generally to be regarded as involving grievous human costs. That kind of irregular employment — termed "casual labor" — common to the shipping industry, has been singled

[1] "Self-Government in Industry," pp. 24, 110 *et seq.*

out for particular condemnation, the irregular pay and irregular life attendant upon it being easily recognizable as a path to demoralization. But a train of evil consequences follows interrupted employment in any form. Besides bringing actual suffering through want, "the insecurity of work and livelihood to which most workers are subjected is a heavy premium upon improvidence and mental apathy, for by no taking thought for the morrow that is within their power can adequate security be gained. . . . The same holds of fluctuations in their wages over which they exercise little control." [1]

Generally recognized also as human cost, there is the nervous fatigue present in modern industry. To Hobson, the work of industry represents an "excessive and often a brutalizing burden of physical toil ever tending towards a narrower specialization of the working energy upon a single mechanical or routine process, and falling, by a fatal accuracy of inhuman logic, with greater relative force upon the weaker women and children whose labor can be got cheapest. . . ." [2] Cer-

[1] "Ethics in Industry," in *Ethical Democracy,* edited by Stanton Cort, Richard Grant, London, 1900, p. 96.
[2] Ibid., pp. 96–97.

tainly we have here as powerful and eloquent an indictment as can be found.

But, we may reasonably ask at this juncture, do social philosophers see within the industrial system itself no germs of reform for these evils? Are not employers gradually bettering working conditions and decreasing labor's burden? Can we not expect great advances along these lines?

There is a wide-spread tendency, nowadays, to dismiss all such effort as "benevolent autocracy." Hobson regards it at best as but futile palliation, because he does not believe any general spread of "this mode of redress of grievances" can be expected.[1] Standing in the way of its wide adoption are great obstacles "partly economic, partly psychological." On the economic side, "cut-throat competition" which prevails over a large area of industry will hinder: only if high wages and short hours pay will they be adopted. Of course there are businesses possessing some special advantage where a generous policy is economically possible. But can we even in such cases, Hobson asks us, put our trust in the employer's generosity? He answers his own question as follows. "In the typical big business of today, the employer is

[1] "Ethics in Industry," p. 86 *et seq.*

himself a paid servant of a body of shareholders, and has neither the right nor the power to incur expenses on any score of generosity. To get generous treatment out of a majority of shareholders means asking them to take a lower dividend for the benefit of employees whom they have never seen and to whom they profess no special obligations. Moreover, it must be remembered that, however high the rate of interest may be upon the capital originally subscribed, the majority of existing shareholders have probably discounted these high profits in the price they have paid for their shares. . . ."[1]

But it is, after all, the psychological obstacles which constitute the "real and conclusive refutation of the theory of benevolent autocracy." And here we come to the most acrimonious of all criticism of the existing order — the indictment of its morality. Competition and bargaining, "the very life of modern industry," weighed in the balance of social justice are found morally wanting. "Close students of industry will recognize that in order to acquire and maintain such a position in business as yields a large and secured income, a long and toilsome struggle is generally necessary, in-

[1] "Ethics in Industry," p. 89.

volving harsh, aggressive, and often unscrupulous practices towards trade competitors, employees, or the consuming public. The very conditions of attaining success in such a struggle are such as tend to crush the powers of sympathy, and to harden the emotional nature. . . . Trade competition directly, forcibly and continually fosters those very qualities of self-assertion at the expense of others which moralists find it most difficult and most necessary to eradicate.

"Turn now to bargaining. . . . Competition is by no means essential to bargaining. The hardest bargains are those which exclude competition.[1] The typical instance of the naked bargain is that between the baker and the starving man. The superior force of the stronger here determines the bargain. . . . Put as many competitors as you like on one side or the other . . . you will never get a bargain or a set of bargains, which tends to distribute the gain equitably. You may get a common price which all sellers ask and all buyers pay, but if underneath this price you seek the real gain, you will find that for each buyer and each seller it is different, according

[1] The thought here is, of course, of contracts between employers and wage-earners.

as the needs and the resources of each differs from that of the others. . . . It is not a rhetorical exaggeration, but a definitely ascertainable scientific fact, that force is a determinant in every one of those innumerable acts of bargain or exchange by which the distribution of wealth is achieved. Regarded, therefore, from an ethical standpoint, industrialism does not differ essentially from militarism." [1]

Scarcely less demoralizing than money making by competition and bargaining, is the acquisition of wealth through inheritance, "or by some swift stroke of luck or cunning" such as speculation, gift, or monopoly. "In fact most methods by which great wealth is won, involve psychical reactions which disincline and disable the possessor from making a wise and generous use of it." With unerring certainty we are thus led to the conclusion that "great wealth . . . cannot be rationally administered for the good of others." [2]

So far we have dealt with the evils of industry solely from the standpoint of the worker. What Hobson calls "unreason in the business world" is held to exact human toll from the employer and the general public as well. The

[1] "Ethics in Industry," pp. 90–94. [2] Ibid., p. 90.

ups and downs of the commercial markets, the vicissitudes of the industrial cycle, the rapacity of competitor and correspondent alike, the seemingly "miraculous" attainment of property by chance, all unite to bring demoralization. On the one hand "where no reasonable exercise of mental and moral power can win security, the result is to demoralize the character either by an appeal to reckless improvidence, or by the feeling of harassing and impotent anxiety which it generates." [1] On the other hand, the attainment of property "by any other mode than that of a personal *quid pro quo* in labor . . . degrades the reason of those who are absorbed in it . . ." and "contaminates the mind of the general public." [2]

To the social reformer, the modern art of advertising represents a purely parasitic growth. It constitutes a "liberal education" in unreason. "The fact, that profitable business can be built up entirely by hypnotic suggestions brought to bear upon the public mind

[1] "Ethics in Industry," p. 95. Hobson, it must be admitted, recognizes that all insecurity does not degrade. Page 95: "Where, by reasonable care and forethought, such insecurity can be overcome, it may stimulate and educate provident contrivances, brace the character and widen the intellectual and moral outlook." But the point of his argument is that in business, for the most part, such insecurity cannot be overcome.

[2] Ibid., pp. 94–95.

by constant reiteration of self-recommendatory phrases, is perhaps the strangest commentary extant upon the popular notion that 'man is a rational animal.' While the object of this advertising, and its kindred arts of push and display, is to achieve the unsocial end of diverting business from one channel into another, its effect is to bewilder and confuse the popular mind by a medley of mostly false and mutually destructive information. The closely-related arts of adulteration and concealment, under the pressure of the same forces, have invaded nearly every department of trade and inflict upon the public the derationalising and humiliating process of being made the constant victim of a lie." [1]

Such then are the human costs, as Hobson sees them, of the system of production inherent in the present social order: irksome monotony, humiliating subordination, nerve-racking toil, demoralization of the emotional nature through constant confirmation of the traits of brutality and rapacity, — the list is indeed a long and frightful one.

When we turn now to the other side of economic life, distribution or consumption, do we find any amelioration? Here again, the exist-

[1] "Ethics in Industry," pp. 95–96.

ing order exacts a heavy toll of human cost. Adulteration, we have already talked about. A more serious charge is that "the present excessive control by the producer . . . stimulates the satisfaction of some human wants and depresses the satisfaction of others, not according to their true utility, but according to the more or less profitable character of the several trades which supply these wants. The prevalence of many of the most costly social evils of our time, war, drink, gambling, prostitution, overcrowding, is largely attributable to the fact that their material or trade appliances are sources of great private profit." [1]

But we are still dealing, after all, with the productive side of existing life. Underlying this, and indeed largely determining it in many of its aspects, there exists a distinct consumptive side. In a sense it is how men spend which determines how men earn. What we must consider now are the canons of expenditure, the so-called "tastes" — which govern civilization's consumption.

American sociological science cherishes as an everlasting credit to itself that profound analysis of this subject given us in Professor Veblen's great book, "The Theory of the

[1] "Work and Wealth," p. 112.

Leisure Class." Through this work reformers universally have come not only to recognize, but to understand, the elements of "conspicuous waste" and "conspicuous leisure" in the expenditure of modern society.

Hobson, in "Work and Wealth," has incorporated Professor Veblen's ideas. Having already quoted Hobson so copiously, the author now takes the additional liberty of giving in full his masterful summary of "The Theory of the Leisure Class."[1] It follows:

"In primitive society war and the chase will be the chief means by which men may satisfy that craving for personal distinction and importance which is the most enduring and importunate of psychical desires. Personal prowess, mainly physical, displayed in fight or hunt, will secure leadership or ascendency in tribal life. So those trophies which attest such prowess, the skulls or scalps of enemies, the skins of slain animals, or the live possession of tame animals, will be the most highly-prized forms of property. When the capture and enslavement of enemies has taken the place of promiscuous slaughter, the size and variety of his retinue of slaves for personal service, concubinage, or merely decorative show, attest the greatness of the warrior-chief. When the industrial arts are sufficiently developed, slaves will be set to produce such other forms of property, enlarged housing, quantities of showy garments, cultivated fields, herds of cattle, as afford conspicuous evidence of the personal prowess of the chief. Glory, far more than utility or comfort, continues to be the dominant motive.

[1] Pp. 142–144.

"As civilisation begins to make way, the notion of what constitutes personal prowess begins to be modified. Though physical force may still remain a chief ingredient, skill and cunning, wisdom in counsel, capacity for command and law-making, come to be recognised as also giving prestige. As not only the strong man by his strength, but the cunning man by his cunning, can get that wealth or property which are the insignia of prowess, property will however still be valued by its owner mainly for the prestige it affords him among his fellows. It will still for the most part take shape in external forms of adornment or magnificence. As it develops into the culminating form of the oriental court, the element of display will remain the paramount consideration, to which even the sense-enjoyments of the owner will be secondary.

"The effect of this early linking of property to personal prowess will be that in the general mind of man the possession of property is honorific. It secures for its owner a presumption of personal greatness. Therefore, its possession must be kept in full and constant evidence, especially where inheritance destroys the direct presumption of the personal prowess of the actual owner. Hence the two essential features of the mode of living of the dominant class or caste, ostentatious waste and conspicuous leisure. For thus the prestige of property is best enforced. Gorgeous palaces with luxurious grounds, magnificent banquets and entertainments, extravagant refinements of sensual luxury, adornments of fabrics, jewels and articles of laborious skill, magnificent tombs and other monuments — the elaborate parade of waste, in order to fasten on the common imagination the sense of wonder and of admiration of the person who could afford so lavish a waste! The family of the rich man is chiefly valued as an instrument for making this display effective. His

wife or wives must do no work, not even copy his parasitic activities; they must stand as open monuments of conspicuous leisure, their personal adornments, their retinues of servants, the entire elaborate ritual of their futile lives, must be devoted to showing how much their possessor can afford to waste. Such was the life of the aristocracy in olden and mediæval days!

"It has passed in most essentials, by tradition and imitation, to the life of the upper class in modern civilised nations. The modes and conceptions of personal prowess and prestige have indeed shifted. The man of business has dethroned the warrior or the political chieftain. The typical great man of our time is the great *entrepreneur,* the financier who directs the flow of capital and rules prices on change, the railway or shipping magnate who plans a combine, the able and astute merchant, who controls a market, the manufacturer who conducts a great productive business, the organiser of a successful departmental store. The personal qualities and activities involved in these tasks are very different from those possessed by barbarian chieftains or oriental despots. Add to such men the surviving landed aristocracy of rent-receivers, and a considerable number of families that live on dividends, taking no real part in the administration of industry, and we have a synopsis of the class which today wields prestige. Though the elaboration of modern arts of pleasure directs a great part of the expenditure of this, our upper class, the traditional habits of ostentatious waste and conspicuous leisure as modes of glory are still paramount motives. Most rich people value riches less for the pleasures they afford than for the social consideration, the personal distinction, they procure. The craving to realise superiority over others, as attested by their servility or imitation, the power of money to make others do your will, the sense of free-

dom to realise every passing caprice, these remain the chief value of riches, and mould the valuations of life for the bulk of the well-to-do.

"Such are the inevitable effects of easily-gotten and excessive wealth upon the possessors. So far as they operate, they induce futile extravagance in expenditure. Instead of making for utility, they make for disutility of consumption. Such is the gist of this analysis of the leisured life."

Thus we see the genesis of "the element of waste in national consumption." What we have not seen is the way in which this waste tends to propagate itself. Automatically the vogues of the "leisure" class find their way to each other class in proportion to its financial ability for imitation. An "honorific" value attaching itself to them, their attainment comes to constitute the "pecuniary" respectability. What happens is that men's self-respect and men's respect for other men grow to depend largely upon capacity to measure up to these *requirements*.

In viewing the existing order from the standpoint of consumption, we are confronted by two aspects of what is really one problem. On the one hand we have to deal with the generation of "leisure class" standards of living by the few at the expense of the many; on the other hand, with the wide discrepancies in the

distribution of the social income which allow for the origin of such a standard. Neither phenomenon can exactly be held as basic; rather are we concerned here with interacting causes.

Turning now to the second aspect of the problem, we find the social philosopher of liberal tendencies attempting to reconcile with the idea of justice the existing inequalities in distribution. Viewing society from a distance, his judgment, as we should expect, represents a complete reversion of the idea of natural selection. Not might, but right should be the principle of distribution. He concerns himself, it must be borne in mind, with the welfare of society as a whole; from this angle, the several needs of individuals, rather than their several powers to accumulate, should determine distribution. This is the principle underlying remuneration according to what Hobson calls "organic utility."

When the social philosopher turns now from theory to fact, what does he discover? First of all, he finds people enjoying many services and commodities which they do not, from the standpoint of society as a whole, need in the slightest. Secondly, he sees many people, the majority of people, experiencing to a greater or less degree actual need. Thirdly, he meets a

large mass of our populations actually suffering from lack of the wherewithal to cover the necessities of subsistence. In this case, we are told, the rehabilitation costs of production are not even being paid for; a situation exists in which men, women, and children are treated worse than machines.

Faced with such a problem in distribution, the liberal thinker stands aghast. What relation, he demands, has such a system of distribution to social justice? What system is worth preserving which withholds vital utilities from the many to be squandered by the few? How, after all, is reward determined in such a system? Justice demands the relation of *quid pro quo:* hard labor should be well sustained. But how are the toilers of humanity taken care of? Do we find them clothed in purple, feasting at the banquet, reclining on luxurious couches? Do we find them attired in clean garments, served with wholesome white bread, seated in substantial chairs?

Attempting to explain present distribution by such reasoning, the liberal inevitably tends to revolutionary judgments. Inevitably he is led to conclusions such as take shape in the "surplus value" theory of Karl Marx, or in Hobson's "surplus income" theory. Neither

need nor effort, but scarcity determines remuneration or distribution in existing society; scarcity, whether it be of ability, capital, land, or other natural resources. Distribution according to need, we already know to be nonexistent. Now similarly with distribution according to effort: savings for the most part are set aside out of income too big to spend; the exercise of the higher abilities brings enjoyment, and in no event can the effort involved be compared to the toil of labor; inheritance of land or other natural resources, or increase in the value of land through social agglomeration, involve no effort.

Hobson draws a vital distinction between "that portion of the social income which goes to support and evoke the energies of body and mind of wealth-producers . . . and that which goes as unproductive 'surplus' to those who, possessing some necessary instruments of production . . . can exact a scarcity price. . . ." The former are "costs of production"; the latter "sheer economic waste." The difference in the social significance of the two increments can only be styled enormous. For, while on the one hand "costs of production" are legitimate charges, the "surplus income" represents the condensed expression of all the ex-

cessive human costs of production and all the defective human utilities of consumption.[1] At the risk of repetition, we must note Hobson's summary of the evils resulting from the phenomenon of the "surplus."[2]

"In effect, all the excessive human costs of production and all the defective human utilities of consumption, which our separate analysis of the two processes disclosed, find their concrete and condensed expression in this 'surplus.' The chief injuries it causes may be summarised as follows:

"1. Flowing abundantly as 'unearned' income into the possession of 'wealthy' individuals and classes, it thereby causes large quantities of the national income to be consumed with little or no benefit . . .

"2. By enabling its recipients to disobey the sound biological and moral precept, 'In the sweat of thy face thou shalt eat bread,' it calls into being and sustains a leisured or unemployed class . . .

"3. The evil prestige and attraction of the life of sensational frivolity this idle class is disposed to lead tends by suggestion to sap the wholesome respect for work in the standards of the rest of the community, and to encourage by servile imitation injurious or wasteful methods of expenditure.

"4. The economic necessity of producing this surplus imposes excessive toil upon the productive classes, being directly responsible for the long hours and speeding-up which constitute the heaviest burden of human costs. The direction which the expenditure of the surplus gives to capital and labour degrades the character

[1] "Work and Wealth," pp. 186–187.
[2] Ibid., pp. 187–188.

of large bodies of workers by setting them to futile, frivolous, vicious or servile tasks.

"5. The disturbing irregularity of the trades which supply the capricious and ever-shifting consumption, upon which the 'surplus' is so largely spent, imposes upon the workers a great cost in the shape of irregularity of employment . . .

"6. By stamping with the badge of irrationality and inequity the general process of apportionment of income, the surplus impairs that spirit of human confidence and that consciousness of human solidarity of interests which are the best stimuli of individual and social progress."

Thus we have in full the arraignment of the existing order. Could anything be more completely damning? To be sure, we feel this arraignment must be subjected to criticism in later chapters. For the time being, however, we are provided with a good working basis of realization on which to erect some form of new order.

Hobson concludes his argument as follows: "The primary object of all social-economic reforms should be to dissipate this surplus and to secure its apportionment partly as useful income for individual producers, partly as useful income for society, so that, instead of poisoning the social organism as it does now, it may supply fuller nourishment and stimulus to the life of that organism and its cells." [1]

[1] "Work and Wealth," p. 188.

We now turn to the plans suggested by modern social philosophers for the reorganization of society on this basis of a redistribution of wealth.

CHAPTER II

Suggested Remedial Orders

A. Anarchism, p. 40. *B*. Socialism, p. 41. *C*. Syndicalism and Guild Socialism, p. 44. *D*. The "Reconstruction" Programme of the British Labor Party, p. 54.

The five programmes of social reform receiving wide consideration in the world to-day are anarchism, socialism, syndicalism, guild socialism, and that composite of socialism, syndicalism, and guild socialism, "The Reconstruction Report by the Sub-committee of the British Labor Party." A complete outline of the aims and ramifications of each would of course require a work several times the length of this one. The author can only attempt, therefore, a simple statement of these programmes, striving to do each justice rather by the fairness of his presentation, than by an elaboration of descriptive detail.

In the case of anarchism, socialism, and to some extent syndicalism, it is understood we are dealing with a variety rather than a

type. What has been attempted, is the presentation in each instance of a "representative" programme — one which embodies to the highest possible degree the elements of the various programmes formulated by the leaders of the school, and which, at the same time, puts forward the aims of the school in the most favorable light.

Anarchism [1]

Primarily and essentially, anarchism represents a protest against force. Not political autocracy, not destitution, not disease, but the coercion of the individual's will underlying them all constitutes the starting point of the world's ills. Over and above everything else, men desire freedom. Force, whether it be taxation, military service, or the need which drives them into the wage relation, robs men of the blessing of life. Cities are a disease; factories a scourge. Stimulating men's needs with new satisfactions, modern industry binds them even more strongly to the grindstone. So the vicious cycle goes on.

Force, then, is the great malady; simplification of life, its remedy. First, men must rid

[1] In his exposition of anarchism, the author has followed closely Tolstoi's "Slavery of Our Times."

themselves of the thongs of government, then they must free themselves of the fetters of desire. The division of labor may continue, but only in such forms as to bring benefit to all and unhappiness to none. Effort must partake of the nature of enjoyment. There must be no masters and no toil. Men will be forever content with less of the material, in the new satisfaction of their divine desire for freedom.

As an instance of anarchism in life we have the present Peasant Movement in Russia. The peasants are claiming for themselves the lands they have tilled for generations. They have organized and sent representatives to a General Soviet meeting for a discussion of the whole rural problem. The Russian agricultural population demands for itself an enlightened life of freedom and contentment. For the domination of the few the peasants seek to substitute the humane coöperation of the many, and through this to achieve the reform of rural life.

Socialism [1]

We have long been accustomed to regard socialism as state ownership of the means of

[1] The author has accepted as the representative type the socialism of H. G. Wells' "New Worlds for Old" and John Spargo's "Socialism."

production. As a matter of fact, the abolishment of profit, interest, and rent would be a much more exact statement of socialism's immediate purpose. For it is primarily a correction of the existing inequalities in distribution which socialism aims at: this is the end; state ownership is merely the means.

The socialistic state of many gifted writers presents a very beautiful picture indeed. The wealth of certain individuals may be less than in the existing order; the welfare of society as a whole, even that of the deprived few in society, will be infinitely greater. Once exterminate the motive of gain in economic production, a new era will be ushered in. On the industrial side under-pay, overwork, monotony will become of the past; products of industry will possess a new purity and substantiality. State ownership is to eradicate all the wastes involved in production under a regime of private property: small, inefficient plants will be abandoned; overlapping, or duplication, of services by individual producers corrected; the necessity for advertising removed. The productivity of society will be immeasurably increased, mankind materially enriched.

The very quality of life will change. Part of the toll formerly exacted by employers from

the public is to be used to improve the standards of life of the wage-earner, part to advance the purposes in common of society as a whole. Day-nurseries and maternity pensions, centralized supervision of hygiene and sanitation, a finer standard of living will build up the character of the national stock. Awakened artistic impulses, encouraged by state support, will create a new beauty in home, street, city and country. Most wonderful of all, following a cycle, the bettering process will become cumulative: changed conditions, reacting on the individual organism, will produce a change in the organism. The earth shall come to possess a new race of men and women: generous, efficient, noble, beautiful.

Such is the socialist ideal. Socialists disagree as to whether it will be achieved graduaally or suddenly, the tendency to expect the former being to-day overwhelmingly predominant. As the means to the accomplishment of their ideal, socialists favor a growing control and regulation of industry by the state, increasingly severe income and inheritance taxes, and eventually the abolition of inheritance and bequest. Personal effects a man may always own; society will come to possess for itself the means of production, and the state

being boss, every man will have to work for his living.

Syndicalism and Guild Socialism[1]

Inasmuch as guild socialism represents merely a recently developed syndicalism, we may undertake their consideration together.

In essence, both movements represent an attempt to obtain exclusive control of industry for the wage-earner—or in other words—for labor. Both seek the accomplishment of this purpose through unionism. But where, on the one hand, syndicalism favors trade unionism with a strong local organization and national representation, guild socialism inclines to industrial unionism with a strong national organization and local representation. Guild socialists[2] prefer the industrial type of union because they perceive in it a means of bridging the isolation of skilled from unskilled workers, and of thus strengthening the whole labor cause. Their preference for national organization rests on their philosophy of the rela-

[1] The author has followed the text of Cole's "Self-Govment in Industry" on guild socialism; on syndicalism, the very excellent appendix of same.

[2] The term "guild socialist" should not be confused with "guildsman." The latter applies to still another type of social reformer whose doctrines take their origin in a repudiation of the mass production characteristic of modern industry.

tion of the union to the state. Both syndicalism and guild socialism deny the sovereignty of the state. But whereas the former, after the manner of anarchism, seeks to enthrone labor in absolutism somewhat, the latter desires for the protection of "consumers" to maintain the state on an equal footing with the organized unions. In the programme of guild socialism, therefore, the union must have a strong national organization in order to cope with the strong national state of to-day.

The conception of the state peculiar to guild socialism must receive special attention if we are to understand the nature of the movement and its relation to socialism.[1] Replying to the question, what is the state, Cole, the leader of the guild socialists, writes as follows: "A state is nothing more or less than the political machinery of government in a community. . . . At different times and in different places, the state has assumed many forms; and its actual character has always borne a close relation to the social structure of the community in which it has existed."[2] Thus, to-day, "no government dares to run seriously

[1] The formulation of this theory of state is the work of Harold J. Laski in his book "Studies in the Problem of Sovereignty," Yale University Press, New Haven, 1917.

[2] "Self-Government in Industry," pp. 71–74.

counter to the wishes and interests of the great economic magnates." [1] To put the matter more clearly, to the guild socialist, the state represents a pliable instrument yielding to the pressure of the strongest power in the community. In our time the employing class constitutes this power; guild socialism believes the modern state to be, therefore, thoroughly capitalistic.

But the guild socialist poses this question: Just how far does state sovereignty extend? Obviously in every community there are certain forms and instances of common action, e.g., religious worship, in which the state takes no part. Logic would thus seem to lead to the conclusion that "the persons of the community cannot truly be sustained by any single form of organization." [2] What then constitutes the function of the state? Investigating, the guild socialist eventually comes to examine the basis of state association. This he finds to be essentially territorial; the state constitutes first of all a bond between persons living together: necessarily, these persons are users in common of several commodities and services such as parks, roads, water supply,

[1] "Self-Government in Industry," p. 75.
[2] Ibid., p. 79.

and police security. Here, the guild socialist believes, lies the clue to a definition of the state's sovereignty: the state represents the *consumers'* interests in society.

The way out of the dilemma posed by the recognition of the domination of the state by capitalism is thus made easy, as it were, by definition. An organization representing the producers in society possesses among social institutions just as fundamental and important a place as does the state itself. According to the guild socialist, "we cannot regard Trade Unions as deriving their rights, including the right to exist, from the State. Associations of producers and consumers alike may be said, in a sense, to derive these rights from the community; but we cannot conceive of any association of producers deriving its right to exist from an association of 'users.'"[1] These, then, are the principles upon which the organization proposed by guild socialism rests, and which lend it in the eyes of its advocates a dignity commensurate with that of the state.

The essence of guild socialism, if we are to believe Cole, lies in its demand for industrial democracy. "The individual worker must be regarded not simply as a 'hand,' a decreasingly

[1] "Self-Government in Industry," p. 93.

important adjunct to the industrial machine, but as a man among men, with rights and responsibilities, with a human soul and a desire for self-expression, self-government and personal freedom."[1] To the guild socialist this change in attitude can only come about through the assumption of the control of industry by the wage-earners themselves, and its reorganization along such lines as to allow each worker a voice in the management. Thus arises the new cry, "Self-government in Industry."

Cole points out the parallel between political and industrial democracy. The guild socialist is unable to understand how "if democracy is assumed to be good in politics," industrial autocracy can "hope to remain unchallenged."[2] To deny democracy in industry is to favor autocracy in the state. If political democracy has failed, it is because we have not been strong enough in our faith. Economic democracy is essential to political democracy; each is "mutually complementary": one provides a training ground for the other.[3]

One of the most important immediate results, as guild socialism sees it, of the industrial enfranchisement of the worker would be the

[1] "Self-Government in Industry," p. 5.
[2] Ibid., p. 66. [3] Ibid., p. 230 *et seq.*

effecting of a change in the policy of trade unionism. "As long as the only power of the trade unions is to deny, they will inevitably remain to a considerable extent restrictive forces. . . . There are only two conceivable ways out of this difficulty. One way is the bad and foolish way of smashing trade unionism, and thus giving free rein to the employer: the other is the conversion of the negative control hitherto exercised by the Unions into a positive control, by placing in their hands executive and legislative power."[1]

And now for the programme of the guild socialists. Primarily the evils of society are to be reformed through the abolition of the capitalistic system of production. This will be accomplished by the union of labor with the state. Inasmuch, however, as the state of to-day represents only a coercive power existing for the protection of established property rights, or, in other words, capitalism, the first step must be taken by guild socialists independently of the state. And here we perceive the essential difference between this and the other types of socialism. Guild socialists advocate as the first step towards reform the assumption of the control of industry, not by the state, but

[1] "Self-Government in Industry," pp. 61–62.

by the organized wage-earners in society. As a preliminary measure the guilds, or national industrial unions, must gain control of the workshops. By ending thus the autocracy of capitalism, they will secure a voice in the state. Then, through a "democratization" of the state, the guilds are to gain control of the product of industry, and put an end to profits, interests, and rent. At this stage, investment, or in other words the inherent right to property, alone will remain to be conquered. Here, the guild socialists tell us, revolution must be faced as a final resort. "We come . . . to the view that apart from capitalist blunders, a catastrophe will be necessary to end the wage-system. Only the man-power of an awakened people can defeat the economic power of a clever Capitalism." [1]

If we want to be fair to guild socialism, we must state, of course, that the struggle for the control of industry as just outlined, is to be regarded as a gradual, almost evolutionary process. Organized labor will advance in its programme, step by step, learning its lessons as time goes on.

The economic and political organization of the guild socialist state is planned as follows.

[1] "Self-Government in Industry," p. 190.

The demarcation of sovereignty within will be as between producers and consumers. Locally, the association of industrial guilds will represent the producers, the municipal council or municipal government, the consumers. For the country as a whole the one will be represented by a Central Guild Congress, the other by Parliament or Congress. The former will exercise legislative as well as administrative functions in the industrial sphere. "Where now the State passes a Factory Act, or a Coal Mines Regulation Act, the Guild Congress of the future will pass such Acts."[1] The law of the Guild Congress will be as sovereign in the industrial sphere as the law of the state in the political. In event of dispute between the two bodies, sovereignty will belong to "some joint body" on which will be represented "all the citizens in their various social activities."[2]

An incomplete picture of the nature of guild socialist society may be had from the following. On the day of the accomplishment of the final step in the programme, the community as a whole will own all property, the guilds controlling it. The local guilds will deal with

[1] "Self-Government in Industry," p. 98.
[2] Ibid., p. 88.

the demand of domestic consumers, the national guilds with foreign trade. Remuneration will be "equalized" as between workers in different guilds, selling prices of commodities reduced to minimum costs. Essentials like bread and milk may be distributed gratis. Through price manipulation, attempts will be made in the interest of the social weal to encourage the consumption of some commodities and to discourage that of others. Most important of all, there will be established a "national minimum," a standard of living at which the poorest worker will be maintained. As in the case of socialism, so under guild socialism, a new era for society is depicted. On account of its extreme youth the movement has not as yet had time, however, to draw a really adequate description of this ideal state.

Guild socialism remains so far essentially an English movement. Its adherents, while confessing themselves to constitute a very small minority even in the labor world, nevertheless have great hopes for their cause. Already before the war, they tell us, "men were beginning to realize that the heart of the social problem lay in industry rather than in politics, and that a fundamental change in the position

of the workers could come only through a revolution in the control of industry." [1] The war's legislative coercion has taught the wage-earner a lesson which he would otherwise have taken years to learn fully. As a chimera must now be classed "the idea of industrial harmony arising naturally from the experience of war." The "Brotherhood of the trenches" does not extend to the workshops at home.[2]

To the guild socialists industrial democracy brings promise of a new order in society, not only intra-, but inter-state as well. "Jingoism and imperialism are essentially capitalistic in that they rest upon an economic foundation, and are inspired by the desire of the profiteering class for wider spheres of exploitation." [3] Automatically and inevitably the rise to power of a new class in industry, involving the overthrow in politics of capitalism, will thus lead to the erection of that new "world order" to which mankind has been evolving from all time, and to the maintenance of which for all time, mankind will consecrate its future life.

[1] "Self-Government in Industry," pp. 5–9.
[2] Ibid., p. 65.
[3] Ibid., p. 2.

THE "RECONSTRUCTION" PROGRAMME OF THE BRITISH LABOR PARTY[1]

In the report tendered the British Labor Party last January by its sub-committee on reconstruction after the war, we are dealing with a series of specific reforms proposed for immediate application. On this account alone, if on no other, the programme would hold for us a very great interest.

"The four pillars of the house that we propose to erect," runs the report, "resting upon the common foundation of the democratic control of society in all its activities, may be termed:—

"*a.* The universal enforcement of the national minimum;

"*b.* The democratic control of industry;

"*c.* The revolution in national finance;

"*d.* The surplus wealth for the common good."[2]

Let us consider these "pillars" one by one.

"THE UNIVERSAL ENFORCEMENT OF THE NATIONAL MINIMUM."[3]

Already, as the investigators remind us, much has been accomplished in this direction. Social

[1] The full report will be found in a supplement to the issue of the *New Republic* of February 16, 1918.
In the following, references to the report will be by page number only. [2] P. 4. [3] Pp. 4–6.

legislation in connection with the operation of factories, mines, railways, shops, and merchant shipping, the Truck, Public Health, Housing, Education and Minimum Wage acts, all aim "at the enforcement of at least the prescribed minimum of leisure, health, education and subsistence." Nevertheless, much remains to be accomplished. Amendment and extension of much of this legislation are necessary, and rigid enforcement as well. Most important of all, the necessity presents itself for a national minimum wage. "This minimum of not less than 30 s. per week (which will need revision according to the level of prices) ought to be the very lowest statutory base line for the least skilled adult workers, men and women, in any occupation, in all parts of the United Kingdom."

To meet the dislocation of industry sure to follow the ending of the war, elaborate steps are considered imperative. Demobilization must be "organized." Regard must be had, in stopping government orders and in discharging the millions of government employees in the ranks and workshops, to the peace needs of industry. Employment must be secured for all. The pledge of the government to restore trade union conditions must be scrupulously fulfilled

(the presumption being that this will "make" work). To meet unemployment, if necessary the government will be expected to undertake various public works: rehousing in slums and rural districts, the erection of additional schools and educational institutions and the staffing of them, new roads, reclamation of land, the opening up of access to land by small co-operative holdings, etc. Further, if these expedients do not suffice, the volume of child labor must be curtailed through raising the school-leaving age, increasing the numbers of scholarships for secondary education, and shortening working hours of minors. As a final preventive against unemployment, "wherever practicable the hours of adult labor should be reduced to not more than forty-eight per week, without reduction of the standard rates of wages. There can be no economic or other justification for keeping any man or woman to work for long hours, or at overtime, whilst others are unemployed."

The report stresses, too, the necessity of reviving and extending unemployment insurance. State subsidy of the out-of-work benefit of the trade unions was discontinued in 1915 — a fact of which many of us in this country were unaware. The committee labels this withdrawal

of state subsidy, "one of the least excusable of the war economies."

"The Democratic Control of Industry"[1]

The report demands the discontinuance of the military service acts immediately upon the cessation of war, and "insists on democracy in industry as well as in government." Believing that England will no longer tolerate the "waste and inefficiency involved in the abandonment of British industry to a jostling crowd of separate private employers, . . . the investigating committee looks to a genuinely scientific reorganization of the nation's industry, no longer deflected by individual profiteering, on the basis of the common ownership of the means of production," and to "the equitable sharing of the proceeds among all who participate in any capacity and only among these."

As the first step in the accomplishment of these aims, the committee suggests the immediate nationalization of land, railways, mines, commercial insurance, the production of electricity and the manufacture of alcoholic drink;

[1] Pp. 6–9.

the continuation of the centralized purchase of raw material forced on industry by war-time exigencies; and, on the basis of information obtained from the recently inaugurated public audit of manufacturers' accounts, the introduction of a system of rigid price-fixing, to set "maximum prices at the factory, at the warehouse of the wholesale trader, and in the retail shop."

"A Revolution in National Finance"[1]

"How are we to discharge a public debt that may well reach the almost incredible figure of seven thousand million pounds a year?" The committee's answer is: A revolution in national finance.

For the greater part of the revenue, the committee looks to increased taxation of incomes "above the necessary cost of family maintenance," for the means of sinking, "to the direct taxation of private fortunes both during life and after death." In the programme of taxation put forward, besides income and super-income taxes, there are suggested excess-profit, mining royalty, land value, and inheri-

[1] Pp. 9–10.

tance taxes. The inheritance tax should be greatly increased and much more strictly collected. But even this, it is believed, will not suffice. What is thought finally necessary is "a special capital levy chargeable like the death duties on all property, but . . . with exemption of the smallest savings and for the rest at rates very steeply graduated, so as to take only a small contribution from the little people and a very much larger percentage from the millionaires."

"The Surplus for the Common Good"[1]

In the programme of the labor party, every attempt has been made to turn to good that part of the national income which reformers term "surplus" and which is held so largely responsible for the evils of society. The plans are to have the State use this wealth for a long series of splendidly constructive purposes. The list of these projected expenditures includes provision for the sick and infirm (maternity and infancy included); education, not only of children, but of adolescents and adults as well ("in which the labor party demands a genuine equality of opportunity, overcoming

[1] Pp. 10–11.

all differences of material circumstances"); public improvements; and the development on a large scale of recreational facilities. From the "surplus income" will come, too, "the greatly increased public provision that the Labor Party will insist on being made, for scientific investigation and original research, in every branch of knowledge, not to say also for the promotion of music, literature, and fine arts, which have been under capitalism so greatly neglected and upon which, so the Labor party holds, any real development of civilization fundamentally depends. . . ."

So much, then, for suggested remedial orders. We turn now to that industrial life which constitutes the main object of reform in these various programmes.

CHAPTER III

A Critique of the Indictment

A. Industry, p. 61. *B*. Labor, p. 65. *C*. Marts, p. 85. *D*. Scarcity, p. 88. *E*. The Last Fish, p. 91.

INDUSTRY

1. Weave Room #2

"My God," your visitor shouts in your ear; and you laugh uproariously in silence the three or four minutes it takes to walk through.

There are only 450 looms in this one room (some of the whoppers have 2000) but they are all automatic and they are pretty nearly all going at once. They run about 150 picks a minute. That means 150 contacts a minute of the hickory picker sticks and the steel-pointed shuttle. Each contact probably equals a good sharp crack of a baseball on a bat, and there are 450 looms. Then there is the rest of each loom, center shaft, rocker shaft, ratchets, cams, innumerable gears — all

in motion. And on the ceiling underneath, sending a belt up to each loom, is the driving mechanism: shafting, pulleys, bearings, dynamos, belts, all (saving bearings) in motion. Finally, there are the artificial humidifiers, one to about every ten looms, spitting out moisture and compressed air in a long cone.

When some one leaves open the hall door leading into the office, some one has to run out quickly and close it. Your desk in the office shakes just a bit and makes signing checks a little difficult.

Work begins technically at seven; there is half an hour for lunch (a custom of the mill); five days, work ends at a quarter to six; on Saturday, at four-fifteen; a sixty-hour week, in other words.

Walking through, you always try to look at the people when they are not looking. You remember the few days you spent here and your funny feeling in the evening after the machines shut down. You notice most of the windows are closed and you sniff the peculiar air. Some of the faces are sour, some glum, some intent, some content, some merry, some happy. Over in an alley by a window, with her mirror on the ledge and a tin basin atop the painted box which serves as her dressing

table, one of the little "bat" hands is making the most elaborate coiffure in the world.

2. Card Room #1

It does indeed resemble a snow storm. Two men are "stripping" a card. Two or three times a day, the fillets fill up with lint; the feed then has to be cut off, and the cylinder and doffer "stripped" by revolving a brush against them.

Besides the cotton dust, there's the danger. The stripping brush revolves automatically and the small rope belt has to be thrown deftly over the pulley. Every now and again, some one slips and gets thrown against something; or maybe, into something.

Willie Jennings, one of the strippers, is only seventeen. He has just married Miss Rose Marsla, aged fifteen, who works over there at the roving frames where most of this racket is coming from. Willie is very happy.

That good-looking young fellow standing there is Johnny Doyle, a card "grinder." He, too, has just recently been married. You are genuinely fond of Johnny; his clear eyes and hearty smile possess positive magnetism. Mr. Manager, on the other hand, will always regard him with a little suspicion, because once

Johnny tried to get up a strike on him and at the time Johnny "tretened" him. But you remember Johnny's expression when you gave him a few unexpected dollars for a wedding present, and you feel otherwise about it.

All afternoon you have been in the card-room taking notes on settings. Along about five you stagger into the office and sink into a chair, gasping for breath. Mr. Manager smiles, being himself an old-timer. "Some people can stand it and some people can't. My brother, Frank . . . all his life in a cotton . . . The minute . . . Now your nose always . . . ain't it?"

Just this last year a vacuum system of stripping has been perfected. The company has contracted for its installation. It will cost thousands.

. . . . . .

Have you ever watched a hemmer in a bag factory? A good one does 5000 a day. Have you ever worked in a cement plant, a plaster of Paris mill, a fertilizer plant, a jewelry manufactory? Have you ever been in a steel mill, a boiler shop, a coal mine, a stoke-hold? In these and similar places the commodities and services of society are produced.

LABOR

1. A shaft of sunlight in Weave No. 1 falls just over a little bat hand and her work. Over her blond hair she wears a white poke bonnet which isn't large enough to hide her fairness as she bends to the loom. She might be sixteen; but her white stockings, short, white skirt and high-waisted white blouse make her look about fourteen.

"Isn't that a picture?" you shout in Mr. Manager's ear.

"What?"

You repeat your query. Mr. Manager's teeth begin to show, his nostrils distend, and his eyes water. His amusement is intense.

"Don't cher know who thet is? Why, det's Miss Bessie Doode . . . a bigotist last year; wife and two . . . fer yer Dad up th' other place . . . Newspapers . . . De police obtained . . . But not, however, before de villain had accomplished his perpus. . . ."

Mr. Manager is something of a character himself; in an educational way, quite a highbrow; but most of all he prides himself on his English.

2. "Come in."

You recognize Johnny Larusso. Johnny is

about twenty, short and very dark. He has a tumorous growth over his eye, has just been operated on under the benefit system for hernia, and is undergoing treatment for an advanced stage of syphilis.

"Ples, Mr. Linau, I wanna work fer Charlie."

"Wanna work fer Charlie? What's matter? You and Mr. Terry had a scrap?"

"No, dat ain't it, Mr. Linau. I jes likes Charlie best. Charlie's er personal fren'."

"Did Mr. Terry kick yer out?"

"No, Mr. Linau; I jes come down to ax yer."

"I can't do anything like that, Bud. You got a good job, ain't yer?"

"I don' wanna work for Mr. Terry, Mr. Linau."

"Now, look a here; if I put yer down with Charlie, you ain't gonna make no money. You know that, don't cher? You stick to doffing and in a month or two you'll be making fifteen a week."

"I ain't gonna be here, Mr. Linau."

"Where yer going?"

"I'se goin' back to my old job, Mr. Linau."

"Yer old job?"

"Short-order cook, Mr. Linau. Didn't yer

know? Why, man, I wuz short-order cook et ther Hotel St. Denis t'ree years 'fore I come here."

. . . . . .

"Mr. Jimmie Larusso — remember him, don't cher? . . . That's the feller Agnes Mahuberac tried to commit sucide over last year, 'cause he didn't love her no more."

Agnes works out in Weave No. 2. If she's a day, she's thirty-five.

3. Have you ever seen a picture of Pascal or Voltaire? Either might be Mr. Joe Torres, Overseer of Weaving. Slim; his darkness accentuated by his blue chambray working shirt; thick-nosed; his black hair curling at the edges — a perfect Latin. He is American-born and has further advanced himself socially by marrying into the Hogan family.

He has worked his way up from loom-fixer and on plain weaving is as good as they come. Joe's energy hardly allows him to be still a minute. Always encouraging in his queer, hoarse voice, occasionally quaintly threatening, he is loved by his hands like a brother or father.

. . . . . .

"'Dependency Claim. State names of dependents. Annie H. Torres, age 27; Patrick Torres, age 6.' Right?

"Now, then, Joe, you have to get your wife to sign here."

"That's de trouble, Mr. Eddie; she sez she ain't gonna sign."

"What? Has she got any other support besides you?"

"No, dat ain't it. She sez she ain't *derpenent* on me, dat's all."

"Oh, stuff, take her around to the notary's and make her sign this."

"Make her? My Gawd, she's got arms like dat. Man, she could lick me and you and any two men in de mill put togedder."

Poor Joe.

4. You wish they were all like the Dalton women. They are three sisters, all married, and really only one's name is Dalton, but you call them that for short. Big, sturdy and healthy, they tower above most of their sister weavers.[1] They have missed hardly a day in your recollection.

Mrs. Dalton, with her deep blue eyes and patrician nose, looks like the Goddess of Liberty. They say her husband, who ran away and left her with her two little boys, was run over by a railroad train. She always smiles.

[1] In the South, as well as in New England, the majority of weavers are male.

The day she quarreled with the time-keeper over fifteen cents, you thought some one had been murdered. But you like her for her independence.

Mrs. Strong never smiles.

Mrs. Young nowadays always seems happy. She can be seen conversing a good deal with Mr. Mat Harris, the loom fixer on her section. The other day at noontime you found them sitting sort of loving-like on Mr. Harris' tool chest. She had her finger on his nose, and you walked over to inquire after the injured member. But she was only giving it an affectionate tweak.

Mr. Harris has reformed very much of late years. Mr. Manager remembers the time when very often in the morning Mr. Harris could be found lying drunk across the sidewalk in front of his house up by the other mill.

5. "Mac" stands about six two, wears specs and a moustache, and on account of poor teeth, spits a little when he talks and draws a bad breath. He is General Overseer of Spinning. Born about fifty years ago, just over the border-line in Georgia, a real "cracker," Mac has been working in cotton mills ever since he was nine years old. He

was and is tremendously ambitious. He exhibits with pride his diploma from his correspondence school in the theory of cotton manufacturing; now he is studying salesmanship with them. Mac has a good head, and there's nothing he likes better than puttering around with some small problem. He is one of the biggest washerwomen on earth — and one of the most kind-hearted of men.

Mac's wife brow-beats him dreadfully. His only son, a youngster, acts a little "funny."

For dinner Mac usually eats six fried eggs or their equivalent. Along about three in the afternoon, you can find him seated at his desk, collar off, shirt sleeves rolled up, mouth open, asleep.

If you tread on Mac's toes too hard, he stands right up to you. He is tremendously proud of himself. He boasted up to last Christmas of having never missed a day's work "fer iny cause whatsoever," in fourteen years. At Christmas he took a week off to visit his parents whom he had never seen in all that time.

6. The advent of the Rankins was more like a descent. There were two families of them and they brought between them about twenty children. A lank, lethargic breed, not many

generations removed from Georgia mountaineering.

None of the children were over seventeen. There was Verma, and Vera, and Millie and Ema, and a bunch whose names you can't remember. Some of the alleys in the spinning rooms came to look like a kindergarten on an outing. Occasionally, the two men worked.

You were glad when they decided to leave town. They alone were enough to keep the mill's visiting nurse busy. First it was pneumonia, and then the grippe, and then measles —a mess. It may have been the climate.

Did they go back where they came from? They did not; they went on out to Texas.

7. Mr. Terry hails from the Carolinas. You understand he left a wife and two or three children behind. He used to be a traveling spinning-fixer for a well-known overhauling firm before he became overseer of Spinning Room #2.

Mr. Terry has the head and shoulders of a Roman Emperor and the belly of a brewer. All his hands call him "Mr. Daddy."

He is what you call a character. On Sunday when he comes down to loaf a while, his talk is too good to be true. Like all real southern cotton mill hands, he chews snuff;

and his remarks are punctuated by well-aimed squirts. "She sez, 'Mr. Daddy, how it be I can't make no good money off you.' I sez, 'Look here, Liza Jane,' I sez, 'ain't no use your talking. You get your great, big, fat, lazy hide off thet there window-ledge and see . . .' You mean thet there little plump one? Shaw, she ain't no good. Man, I shore did lay into her, th' other day. I sez, 'Now you take these here five sides.' She sez, 'Mr. Daddy, I don' want no five sides!' She sez, 'I ain't feeling well.' I sez, 'See thet door?' I sez, 'You get the he— out of there, jes as quick as you knows how!' Shore brought her 'round . . . G—— d—— his hide, he ain't wurth speaking about. . . ."

Last week, Mr. Daddy's eldest-born, a young man of about twenty, came down to visit him. You yourself did not get to see the worthy. Mr. Manager tells you he found him asleep on an open fourth floor window ledge, back propped up against the jamb, mouth open, and one or two little flies crawling 'round.

8. "Good lord, that's almost too good for *Mill Topics*," and you tremble at the prospect of discovering real genius. You make a mental note to look up the poetess next time you go downstairs.

The person nearest the door of the room happens to be a snaggle-toothed, slant-eyed, tousled Maggie. You inquire for Katie Wicks. "Why, thet's me," she beams.

9. That slender young girl just coming out of the mills, the center it seems of an admiring throng, is Frederica Pierceson. Her parents had John Anthony of Card ✱ 2 arrested last week for "carnal knowledge." He is going to marry Frederica to-night.

10. Mrs. Napp has the sweet smile and dignified mien of a real lady. She is a widow and lives with her mother. Her two boys are enlisted in the Navy.

Relations between you and Mrs. Napp are very pleasant. When you want to know something about the hands, from a hand, usually you speak to her. She will tell you "they like this" or "they like that;" always she speaks of "them."

Mrs. Napp's case is an instance where a particular type of worker has been displaced by a machine. Mrs. Napp used to draw in warps by hand; this is done to-day by the American warp-drawing machine. Mrs. Napp now repairs warp harnesses and makes as much, if not more, than she ever did.

11. Mr. William Druecks heads the yard

gang. His ancestors must at some time have come out of South Germany. He has the mule-ears, arched broad nose, and tightly drawn, clear skin typical of the region.

You like to think of Bill pottering around in his blue jumper. You and he are great friends. Patronizing his boot-maker tickles him not a little, and he has come to respond very willingly to your timed outbursts on the subject of clean-up.

Bill's attitude closely resembles Maggie Napp's. When you return from the baseball field on Sunday morning with the bats and gloves, Bill inquires, "Wall, wus meny out terday?" You reply somewhat in the negative. "Uh-uh, it's just like I tell yer: you can't do nothing fer these people,—no. They don't appreciate it, no. . . . You'll learn."

12. Nancy runs the restaurant, which serves breakfast, dinner, supper and in-betweens. She caters, therefore, to a public of six or seven hundred, and comes near to satisfying them all. Here is her most popular dinner menu:

Cold Ham	.05
Red Beans	.03
Potato Salad	.03
Rice	.02
Cake	.01

Ice Cream — 2 cones 05
Coffee 03
Milk 03
Bread 02
Butter 01

The restaurant meets its expenses and sometimes even the salary of its manageress; in these times too.

Nancy may be going on seventeen; short and with her clear eyes, constant smile, and bobbed hair, rather good looking. She comes from a family of notorious bums, and owes her rise to Miss Guildner over at Wellesley House, around the corner. Nancy has now reached the eighth grade in night school and will soon be a young lady. You cannot help wondering what the future holds in store for her.

13. You have never been able to find out just what grizzled Bill Williams does around the place. You see him strutting around with tools, helping in the machine shops and struggling with the dynamos. But where he gets the smut which always covers his hands, arms, neck and face, unless he deliberately lays it on, you are at a loss to know.

While they still were unaware of your presence, Bill perched on a ladder, and the fireman

down below were discussing education, this morning, in the boiler-room. Bill, it seems, never got further than the first grade in elementary school, and the fireman, the fourth. Bill takes a frankly iconoclastic attitude towards present-day institutional erudition, attacking it vehemently from a utilitarian standpoint; whereas his opponent seems to hold a brief for the general cultural programme of humanism.

When Bill sees your shadow in the doorway, he clambers down from the ladder, takes off his cap, and holding it in his hands, smiles like a tame white baboon. You are somewhat at a loss what to say.

14. You often wonder who will take the job of Sanitary in the Socialist mill; for, of course, the toilets will have to be cleaned.

Some attention has to be paid to things like this in every industry, so you hope the reader will pardon your indelicacy.

John, a negro, is the man's sanitary. All day long he walks around the mill in his overalls carrying mops, bucket, and bottle, and leaving his trail behind him. The case of John represents the only instance where your democracy fails you.

Filling the similar position for the women

long proved a problem. Miss Ogden, the nurse, decided that the old white woman who did this work would never do. "I declare, Mr. B——, those toilets back there are a perfect disgrace."

Finally, John himself solved the problem by bringing around a "nice, stern ledy" that he knew.

"Well, Miss Ogden, how are things back here?"

"Fine, Mr. B——; that new colored lady is such an improvement."

"Anything new?"

"Well, I meant to come in and see you about that Mahoney woman. Mr. B——, we can't fool around with her any longer. She simply won't do what the doctors tell her, and you know that's against the rules of the Association."

"Well, what's the trouble, Miss Ogden?"

"She says she's too weak to work; and all the time she keeps on nursing her baby."

"Well, didn't the doctor tell her not to?"

"Yes, Mr. B——; but she says she wants to nurse it."

"How old is the child?"

"Going on two months."

"Why, that's ridiculous, Miss Ogden. Tell

Mrs. Mahoney I say she's got to wean it and that's all there is to it."

15. To your face they are extremely respectful and law-abiding.

Putting in new panes keeps one carpenter busy much of his time. Mill projectiles include nuts, bolts, gears, and grids. Both within and without. Over in the picker room, the other day, Louis Metier was nearly killed by a gear from Spinning # 2 across the yard. Every other week a neighbor complains about his roof. The coon who lives on the corner came in crying, yesterday, because some one threw a piece of watermelon in on the clean floor and nearly hit his blind grandmother on the head.

They spit constantly and everywhere. One of your young lady friends who came down for a while to do welfare work thought it might be a good idea to give the men little cardboard boxes filled with sawdust. So she equipped them, and then every morning made her rounds and noted down the scores. To this day the thing remains a standing joke.

16. You cannot help being struck by the faces at the Overseers' Meeting. So many of them are so old—in the sense of antique. First, there is Joe's, the medieval philosopher, and "Daddy's," off the Roman coin. Then

there's the whole of Father Kelsey, Overseer of Carding; fair, bald, round-faced, thin-lipped, round-shouldered, his little pouch sticking out comfortably — he might be one of a hundred old squires of Merry England. Typically merry is he, with his ever-twinkling eyes and kindly mouth.

And then there's Willie Walz of the slasher room, who might be anything wizened of yore — and is to-day, among other things, an anarchist.

Surely Mr. Stevens, here, is no overseer, but a Knight Templar. High forehead; thin, arched nose; white hair; bushy, white eyebrows; solemn mien — perfect.

Townsend and Watson are only masquerading as head-carpenter and chief engineer; in real life they are followers of Robin Hood.

You cannot help wondering whether these seemingly atavistic traits possess any social significance.

. . . . . .

The meeting has covered everything of importance occurring during the past week. Labor, production, overhauling, supplies, have all been reported on by the various department heads. Now Mr. Manager sees fit to say a few choice words he has been saving up:

". . . Simply ridiculous. Why do you think fer one moment I propose ter have ther whole mill tied up for ther sake of a few good-fer-nothing wimen? Already two weeks ago I told yer to put a certain person over that section, but what's the use? . . . Now, if I gotter . . ." Mr. Manager enjoyed himself hugely.

Discussion now has turned to general topics, and you have just asked the men for their opinions on a possible reorganization of the benefit association. Whereupon Mac proceeds to hold forth on a favorite subject. It jes so happens thet here lately he's been a-giving a lotter 'tention to this here subject an' he's jes about convinced thet the present system is about the wursest ever. Why, we're jes simply being milked dry here. Whoever heard of sich a thing? Full wages, hospital operations — why, these here people is coming in from the country jes to tick advantage of it. An' that's not the wurst of it; why, these here specialists are a-laying people off right and left, when they ain't no business to, et all. The stidy hands are actually gitting sore et it.

An' what good's it done? As fer as he can see, it hain't achually held a single person — not one. Look a here et ther Birds; the old

lady two operations, the old man one, and Willie and Lottie each out — and then — flewn. Look et ther Rankinses; look et ther Hathaways; look et Vera Schneider — there yer got it. Two months in the hospital; an' then she ain't back but three days when they offers her 50 cents more a week up th' other place an' she 's gone. An' thet 's only one. . . .

"Wall, Gentlemen, iny one iny thing further ter say on ther subject? . . . Unless I hear a voice ter ther contrary, meeting stands ajoined."

Mac used to be president of a burial society and remains decidedly in his element.

17. Driving uptown, you remark you are tired. You have been up since six and it 's now eight and you are unfed. Mr. Manager tells you a good story about his first job.

Mr. Manager was just out of college and went to work out in the mills. That was usually six to six. Then his boss was adding a building, and Mr. Manager had been commissioned to draw the architectural plans. That meant usually seven until one. Inasmuch as the street cars run very intermittently at that time of night, Mr. Manager thought he would speak to the old man about getting him a bed and staying at the mills. It would save the trouble of going home.

So he broached the subject. The boss was a kind-looking little German. "My boy," he said, patting Mr. Manager on the arm, "der ist nutting quite so revreshing as a goode walk in der night atmozphere."

. . . . . .

At the several golf clubs with which you are familiar, the men regularly play for a ball a hole.

All winter long, all the most prominent business men in town have been talking about "conserving" profits.

To-night, in the paper, a man whom you know slightly is reported to have taken a pot-shot at another man whom he found with his wife.

You cannot help wondering whether these seemingly atavistic traits have any social significance.

. . . . . .

An indictment of the existing order which in its passionate tragedy made even Mr. Hobson's look sick, came from the lips of a man worth millions and who had made them all himself.

18. Surely the war constitutes a great democratizing agent. Last Sunday, Private William Means of Grafton, West Virginia,

a delegate from his local to the General Brotherhood's Convention in Baltimore, dined with the family. After all, a nice ruddy Scotch-American, good looking and well-mannered.

After dinner, seated in an arm-chair of purple plush from somewhere, his feet on hand tapestry from somewhere else, and somebody's best Havana between his teeth, Mr. Means talked about the hardships of railroad life. They must indeed be great. It seems Mr. Means' run took him out at ten in the morning and brought him back at three A. M. Thus he only had seven hours to wash, shave, eat, sleep and see his friends. And the wage — a mere $6.00 a day.

Mr. Means' real home is in Arizona, where his mother lives. They have a nice little cottage and an automobile. You promised faithfully to visit them after the war, and go rattlesnake hunting.

The whole of Mr. Means' conversation proved most interesting. All the time, however, you were compelled to sit with your hands under you. Literally you were in mortal terror lest one of them should reach out and drag Mr. Means' words from his mouth.

19. Above where your evening-school com-

mercial law lecture is given, the Street Railway Carmen's Union holds its weekly meeting.

The lecture starts at eight and lasts until ten. About eight-fifteen the stream of carmen begins to come up the stairs just outside the door, and about nine-thirty the stream begins to recede.

Murmurs a little as it flows, of course.

Of one thing in particular you have become convinced: that the cause of organized labor would be greatly advanced by the official adoption of O'Sullivan's Rubber Heels.

20. Excerpts from Mr. Samuel Gompers' article in the *New York Times* Magazine of March 24, 1918: —

> "Now, just one thing I beg of you," said Mr. Gompers; "don't use that word proletariat in talking with me or of me. My gorge rises at it. I do not think in terms of socialism, in terms of 'class consciousness.'"
>
> "Socialism holds nothing but unhappiness for the human race. I know I'm right. It destroys personal initiative, wipes out national pride — the hearth-stone of a people's culture — and, finally, it plays into the hands of the autocrats. One has only to watch its ravages in the human soul — the soul without a country. Socialism is the fad of fanatics, the sophistry of so-called philosophers, the idiocy of the so-called intelligencia — and it has no place in the hearts of those who would

secure and fight for freedom and preserve democracy."

"There never was a country like the United States of America, a republic so altruistic in purpose and idealistic in practice."

"And if the poor oppressed foreigner escaping to this land of freedom, hardly understanding anything except that he has a bed under him for the first time in his life, a whole roof to shelter him and meat to eat, goes to some meeting place for social enjoyment after his day of toil and finds there a so-called gentleman, a university graduate, a man of keen intellectual subtlety and perverted heart who tells him this Government is n't good enough to fight for, and leads him astray into socialism — what have we got to say to that?"

"I have said, and I believe, our country is the greatest democracy in the world. But I know there are those who believe otherwise. Be that as it may, in matters of special political detail, is it not beyond all question that liberty and conscience and freedom prevail in the democracies of the world?"

MARTS

1. "My God!" You exclaim this time. In the cotton exchange you are just a little out of your peaceful element.

Really, to the uninitiated it presents a most interesting spectacle. 'Round a brass ring are grouped maybe a hundred maniacs, all shouting and yelling at the top of their voices. They

seem to have it in for a poor devil in the middle of the ring, who has picked up a mallet somewhere with which he is trying to defend himself against them. Would you look at him threatening them? Look, he's jumped on top of the table. Listen to the racket he's making with that mallet, will you?

Up at a great big blackboard on a sort of scaffold, a bunch of school boys are evidently trying to do their lessons. You didn't know there was a school around here. Of course, the kids can't work with all this racket. A lot of good it is doing them to beseech the mob below to be quiet. That fellow in the ring is bellowing at them, too. Wonder what they have done to him? See, those kids there have simply given up trying to work. They oughtn't to yell and run around like that, though. There's enough confusion.

That must be a navy radio class over in that corner. Hear those instruments, will you?

Why, look, there's Bertie and Cass among the maniacs. Why they were all right last night at dinner. . . . Why, they are fools to go in and try to calm that bunch; they'll be killed. Hey, Bertie . . . Bertie. . . . My God, look! . . . Cass has gone crazy himself! Cassie! . . . Cassie, Old Boy! Cassie. . . .

2. It is a great temptation to be a Real Boy. In town, the Real Boys have French chefs and wine cellars. At high noon, there 's always an ex-Governor around, two well-known operators — one a prominent actor, a Senator, a French financier, and then, of course, the honorable members of the firm themselves.

Usually the novice comes from the West or South. He probably is too wealthy to play golf well and the summer time hangs a little. There may be a branch office; or the telegraph office probably has a ticker. Usually Mr. Broker proves excellent company; his wife is charming. Of course, the novice's wife will want to meet her friends. . . . Of course. Very prominent socially at home, you understand, but it 's so difficult making one's way in these fashionable colonies.

Thus the Street came to stretch across the continent.

"Just come over the wire for you, sir."

"95 B H57 NL

NEW YORK NY JAN 7, 1918.

SORRY ABOUT STEEL TRY STUDE INSIDE ADVISE SELLING AMERICAN NEED TWENTY MORE AT ONCE.

AL."

"Take a wire for me, Miss Martin:

"A THOUSAND STUDE. HOLD AMERICAN. WIRED BANK THIS MORNING."

After about ten years' experience, the novice sells his summer home. In a couple of years, with his savings, he builds himself in the far West the most palatial estate in America.

SCARCITY

1. "The Modern World . . . beginning in the middle of the eighteenth century, and continuing to the present day, has brought about ever improving results in the processes of producing textile fabrics. . . . The spinning wheel has been replaced by the modern high-speed spindle, and the hand loom by the power loom, and this in turn has given way to the automatic loom. The product per operative has been increased a number of thousand times, while the results obtained have been very little changed." So runs *Textile Texts,* published yearly by the Draper Corporation of Hopedale, Mass.[1]

Would anybody say cotton goods are several thousand times cheaper, to-day, than they were three hundred years ago? A thousand times?

The high-speed spindle and the automatic

[1] 1917 Edition, p. 12.

loom, Messrs. Draper are talking about, have both been invented since 1822. In that year cotton sold at 14 cents per pound and ordinary cotton sheeting at 22 cents a yard.[1] In 1906, when cotton was selling at 11½ cents, sheeting was worth 7 cents.[2] A considerable reduction, to be sure. But how account for the discrepancy between literature and fact?[3]

See this handkerchief? Once upon a time its threads were spun in one farmer's cottage and woven in another. To-day the fabric is manufactured in a hugh mill on high-speed spindles and Northrop automatics.

In this simple cloth, besides cotton and labor, and parts of the spindles and looms and pickers and cards and slubbers and jack and drawing frames, are the following: coal, wood, water; stator coils, motor bearings; belting, slab leather, sheep skin; castor oil, linseed oil, cable oil, non-fluid oil, Atlantic Red oil, vaseline, cybeline, kerosene, gasolene; mops, floor brooms, whisk brooms, ring brushes, "sideboards"; chalk and crayon; cylinder fillet, high speed steel travellers; tweed and flannel; starch, dextrose, modified tallows; ribbon glue,

[1] Copeland, "Cotton Manufacturing Industry in the United States," Harvard University Press, Cambridge, 1911, p. 266.

[2] Ibid., p. 268.

[3] Consideration of the gold supply can probably be omitted as a factor in the explanation. The gold supply has increased but so has population.

milk, vinegar, oil of origanum, potassium chromate, ammonium hydroxide, bleaching powder.

Whenever a labor-saving device is invented, it has first to be manufactured before it operates; then ever after that, for the rest of its life, it has to be fed — literally fed.

And into the production of its food there go mechanical devices which themselves first have to be manufactured, and then fed.

That's the answer to the question.

2. Have you ever thought how well off we should be if wealth were divided up equally?

The Census of 1910 estimated the national income at about thirty billion. That meant a per capita income per annum of $332, and an income for an average family, of 4.5 persons, of $1,494.

As Mr. W. King shows in his recent book, the correctness of the statistical methods employed in the census estimate is incontestible.[1] In estimating the total income adequate allowance was made for rent, for personal and governmental services, for services of transportation and handling. Light and power were taken into account. In assessing the value of

[1] "The Wealth and Income of the People of the United States," The Macmillan Co., New York, 1917.

agricultural produce, the produce consumed on the farm was included. Viewed from the opposite conservative standpoint, likewise no fault can be found. The mistake was not made of including the value of the products of the extractive industries in that of manufactures. And in the case of each industry, rehabilitation and supply expense were subtracted from value of product in order to avoid duplication of the product of other industries.[1]

Mr. King also shows that 82 per cent of family incomes in this country fall below $1,200, and 98.39 per cent below $4,000.

Assuming some redistribution of income to be necessary, how far should it go?

How would you like to live on $332? Or rear a family of 4.5 on $1,494?

In all respects, in national income the United States leads the world.

THE LAST FISH

At four the stars are still shining. Your host, Old Man Selder, comes with a lantern to the screened door opening onto the screened porch and sez, "Wal, in thar, time to git up."

[1] An addition to the figure of thirty billion might be thought in order, to cover interest from foreign investment. Probably, however, interest paid foreigners on investment in this country more than offsets our own returns from foreign investment.

You are already half dressed. Outside the night stillness is unbroken save for the faint pop-pop-popping of a distant launch. It is Willie, the Selders' boy, coming down the bayou to take you out. He will be here by time you finish drinking a cup of his mother's black coffee.

San Marlo lies three or four miles to the east along the shore of the lake. The hour it takes to go over you while away steering and killing the mosquitoes still hovering around. You yourself are not bothered with them; you wear puttees, a woolen shirt, gloves and a hat with a handkerchief sewed to the rim and tucked into your shirt collar. You wonder, though, how Willie stands them, and you ask him for the tenth time. He smiles and his smile illumines a face of health and real beauty.

The dawn chill is a bit fresh and you throw an oilskin over your shoulders. It is light now and the mosquitoes are gone. As the launch enters the bayou, the sun comes up, a great, red ball in a gray-blue sky. Mist columns rise from the water like smoke from a thousand subterranean fires. The tide is running and the fish have come to the surface to breakfast. The bayou ripples with an almost incredible life. Fish are jumping on all sides, mullet

after shrimp, trout and red after mullet, gar after trout and red. The air carries an odor like new-mown hay — only much sweeter. It is the odor of wet marsh grasses. For miles and miles the land stretches perfectly flat, covered to a height of seven or eight feet with a dense growth. It is for all time a primeval, wild waste, with its beauty in a single key.

Approaching the lagoon, you have the sun in your face. A kind of dream-spell steals over you. You drowse wide awake and through your mind pass ideas as confused and jumbled as the roots of the reeds along the banks. Against a background of war confirmed by the star ahead, appear cities, offices, marts, mills, slaves; machines, smoke, noise, dust, dirt, lint, stench, sweat, disease. Interspersed are obscure scenes; cafes, lounges, salons, lecture halls, opera houses, boudoirs, bedrooms. Faces shine through of men miles away, living and dead: Bacon, Tolstoi, Leo Dietrichstein, Wells, Rockefeller, Hobson, Wallas, Veblen. And like gentle vapors the mist brings soft words, aromas of wines and of perfumed breaths, jeweled bosoms.

One by one these all pass on with the tide. They leave you feeling very new — and very much older than the whole world.

. . . . . .

When the sun gets too hot, and you are half-famished and have drunk almost all the water from God-knows-where in the bottle once holding God-knows-what, you decide to return. All the way back you regale yourself in prospect over what Mrs. Selder has in store for you. This turns out to be: first, a thick gumbo — crabmeat, fish, ham, chicken, okra, rice, spices; then fried soft shell; finally vanilla ice-cream. The last is brought out by rail the thirty miles from the city, every Sabbath morn, and the natives come in their Sunday best for dessert.

A queer bunch of fellow-citizens, this Gulf fish folk, so different from the rest of us. Their patois can be found no place else beneath the skies, a mixture of French, Spanish, Italian. Some of their customs are probably equally peculiar — for instance, announcement of child birth. The father makes it with his shot-gun, one cartridge for a boy, two for a girl.

What a simple, homely folk. Burned by the sun, stunted by their meagre diet of fish food, at an early age they shrivel to old leather. On Saturday night, across the bayou in the dance-hall behind the saloon, you may see one or two passable women; aside from these, and the Selders, who come Scotch with an admixture

of German, the people are for the most part hideous. Willie's wife proves no exception, and she had borne Willie the cutest little monster ever. But this baby is at least whole. The native shacks are built for protection from dampness and overflow on stilts, like Lake-dwellers' or Islanders'; they are very rude — and usually unscreened. Some of the eaten babies remind you of a poor tot occasionally brought to the gates of the Mill in the city. What with the life and the mosquito poison, the race has waxed incredibly dull. You may have seen lethargy, but nothing in whites to equal this.

Every few years a hurricane comes and washes the settlement away. The Selders tell you about escaping, a couple of years ago, ten miles overland in a skiff.

Often as you have watched them over your Sunday after-dinner pipe, you have wondered why the natives elect such a life. "Gad, what a life!" you have repeatedly ejaculated, but always have had to give up the problem in despair.

Lately, in the quiet of your study, over a big, thick book, the solution has come to you. The sociologist must needs be an economist. Is it not clear in the case of these people that the

marginal utility of the last fish exceeds the marginal utility of the last hurricane and the last mosquito bite?

Could anything be more simple?

The principle is, of course, not new. You are quite proud of its application.

CHAPTER IV

Criticism of the Theories of Social Reform

A. The Psycho-pathology of the social reformer, p. 97: *1.* Peaceableness — instanced in anarchism, p. 99. *2.* Projection: *a.* Democracy in industry, p. 101; *b.* "Equality" in remuneration, p. 104; *3.* State, p. 105.

B. Social reform and productivity: *1.* Possibilities in redistribution: the pay-roll — capital ratio, p. 107; *2.* Working hours and costs, p. 117.

C. Scarcity and human nature, p. 130.

D. The social reformer and efficiency theories, p. 131: *1.* The "inefficient little plant," p. 131. *2.* "Labor-saving devices," p. 134. *3.* "Duplication of services," p. 139. *4.* "Scientific Management," p. 143. *5.* Hours and output, p. 143. *6.* War organization and its effects on productivity, p. 147.

WITHOUT exception, every programme of social reform we have discussed errs greatly in two ways: in evaluating human nature; and in extending credit to Mother Earth.

THE JUST-COMPLEX

The judgments of the individual are necessarily influenced by his own make-up. In an-

alyzing their evaluations, we need certainly to take into account the psychology of social reformers themselves. The just-complex is the term the author uses to describe the temperament typical of this peculiar handful of intellectuals. In the intellection of these men the just-complex leads to the specific fallacies of peaceableness, projection, and state.

As the author sees it, three mental "sets" enter in, singly or severally, to make up the just-complex:

1. Sentimentalism — the sympathy of those who have unjustly suffered for those who appear to be suffering.

2. Separatism — the attitude of individuals whose constitution or training has led to chronic maladjustment with the existing human environment.

3. Æstheticism — a combination of fearing and of striving after the ideal, very difficult to analyze.

Bearing sentimentalism in mind, we perceive it was no accident that a young friend of the author's, as the smallest of children unmercifully bullied, chose Harvard in the days when Yale regularly won at football, and after entering college became absorbed in the question of distributive justice. It was no ac-

cident that Disraeli wrote "Sybil" and Karl Marx "Das Kapital." To-day, the instances before the public eye are fairly numerous wherein this form of the just-complex is manifestly present in combination with another. Take the case, for example, of Emma Goldman. The great pity is that in the just-complex, so often separatism happens to be merged with sentimentalism. The former being essentially anti-social tends to discredit the latter.

The fallacy of peaceableness, a direct reflex of the separatism form of the just-complex, clings inherently to the anarchism of most writers. In their dissent from the actions of their fellowmen, social force assumes the aspect of a giant bogey and freedom from obligation becomes the cure-all. So the fallacy of peaceableness springs up, taking its inception in this process of illogical reasoning: remove all legal compulsion and the necessity for compulsion will no longer exist. Now legal compulsion — particularly does this hold true in democratic societies — has as its specific justification the repression of individual force. Judged broadly, it represents the minimum dose of force for humanity. The separatist, however, being chronically out of sympathy

with humanity, is unable to see this, which explains his mistake.

The æstheticism form of the just-complex very largely covers the fallacy of projection, whereby social philosophers credit mankind with their own "generous" impulses. Let us briefly examine certain suggested reforms from this standpoint.

The agitation for equality which underlies many socialisms, all anarchism and guild socialism calls for two specific reforms: "democratization of industry," and "equality" of remuneration. Clearly these ideals are resolvable into a higher, which we recognize as the equalization, or democratization, of life itself. The question is: in seeking the realization of the final ideal, are or are not its adherents striving after the unattainable?

About two thousand years ago, there lived in Palestine, a Jew, Jesus Christ, who preached and lived the gospel of humility and generosity. After his death his disciples went abroad and carried his doctrines over the whole of the civilized world. In that day the teachings of Jesus were ignored by the mass of mankind, as they have been, persistently and universally, ever since. Why has this been?

Nietzsche called Christianity a "religion of slaves." Certain it is that Christ drew his followers from the humble and lowly.

Discussion of the motivating forces in human nature has been voluminous, both on the part of psychologists and economists. So, too, has been the discussion of human ability, passing, as it were, through an historical cycle. In the eighteenth century, all men were born "free and equal"; in the latter half of the nineteenth, "bound and unequal"; while to-day, men are born "bound, but free to rise." Thus has French philosophy given way to evolutionism, and the latter to the influences of modern biology.

Projection prevents the social philosopher from realizing that inequality goes deeper than industrial, or even political democracy, and takes its origin in the biology of the race. Viewing calmly and dispassionately the normal human activity of every-day life, we recognize in ourselves both innate varying capacities, and predominant invidious assertiveness. The two factors are interacting. Give us an inch of innate, or for that matter acquired, superiority, and we attempt to take a foot. We crave distinction; we crave domination. Nowhere does this hold more true than in the economic

sphere.[1] Its application, however, extends to all walks of life. Struggle for domination is part of life. We see it in child-play, in manners and scales of living, in sport; if these opportunities for struggle were lacking, there would still remain the fundamental sex rivalry. Nature herself seems to have acted in an invidious spirit; some she has made astonishingly beautiful, others hideously ugly; some brilliant, others dull. Social philosophers recognize invidious assertiveness in leaders in the economic sphere; they rarely recognize it in the rest of mankind. Always they fail to recognize it in themselves. Yet no run of men, probably, pursue invidious judgments more than they with their professional jealousies and petty animosities.

The very nature of human psychology creates the necessity in the activity of men for specialized direction. Bergson sees the life force diverging along two paths: instinct and reason.

[1] In the conflicts of authority among responsible employees occurring in every business, the employer has splendid opportunity to note the force of self-assertiveness. The shrewd employer often takes advantage of it by delegating to a particular underling the handling of certain deals — usually small — in which he himself prefers not to appear. Partly motivated by the desire to serve his employer well, and thus in the long run to satisfy ambition, but also partly motivated by the craving for immediate personal domination, an assistant with any "push" will demand the pound of flesh with a rapacity of which, in the particular instance, this employer may be altogether incapable.

His thesis illustrates our point beautifully. At the end of one path, we have the bee, with all its life work predetermined; at the end of the other, man with his great adaptability. Bees act in instinctive unison to accomplish their simple life purposes; while on the other hand, men with a multiplicity of purposes and an infinite possibility of accomplishment, need direction to act in unison.

We shall always have leaders in the productive sphere as elsewhere, and they will lead and they will be envied. If industrial democracy has any meaning at all, it is freedom to criticize these directing heads. Our problem is how to provide for this without enshackling industry with the fetters of town-meeting administrative methods. Trade union organization, reinforced by public opinion, provides an excellent mouthpiece for criticism. This means town-meeting democracy, but not town-meeting administration. It involves the reform of the present organization of industry; it does not involve revolution.[1]

Just how far, we may ask, does this craving for a share of control take origin in the minds of the wage-earning classes? How keenly do they feel their "degradation" under the

[1] Later we shall consider this reform in more detail.

"wage-system?" Doubtless here again projection enters into play, an offspring this time of both æstheticism and sentimentalism. The social reformer insists on putting himself, a person of highly developed sensibilities, into the place of the wage-earner; very naturally he recoils from the spectacle. To remark at this date that the status of a very happy individual may be in one or more respects altogether commonplace, probably sounds exceedingly trite. The statement is nevertheless true. The man may be but a cog in a machine, and remunerated accordingly, and yet lead a life crowned with health and love.[1]

Projection leads also to a belief in the feasibility of "equality" as a substitute for present-day inequality in distribution of the social income. "Equality" means remuneration according to occupational need, or in other words, on the "organic utility" basis. Differences in reward will be very slight, mainly taking into consideration differences in the expenditure of physical energy. Granting the ability to define occupational needs, does any one seriously believe that this mode of remuneration

[1] While the author is aware, of course, of the danger lurking in such philosophy, he believes his criticism to be valid. The individual reformer may be led through over-sensitiveness to excesses as evil in their way as callousness.

will satisfy the stronger, the shrewder, the more capable?

Several socialists, recognizing the defect in this scheme, have suggested as compensating factors the honorific value in positions of leadership and titular distinction. There is a very rare type of individual who might accept honorific for material value. As for titular distinction, this certainly would be a much more expensive mode of remuneration — would mean much greater "human cost" — than that in vogue to-day.

Besides the fallacies of peaceableness and projection, the just-complex leads, as has been said, to that of state. This assumes that all men will sink their individual interests and work with one accord in a common purpose.

There is nothing new about the subordination of the individual to the state. We have this illustrated to the fullest degree in ancient Sparta and to a lesser degree in modern Germany. Both these states represent fighting machines. The basis for coöperation of individuals within was common enmity, real or imaginary, without; or, in other words, coöperation was forced.

There is nothing in the American conception of the state which tends to bring men together

for other than political purposes. More especially, there is no patriotic motive prompting individuals to the adoption of socialist principles: say, to the abolition of private property. The American nation represents a conglomerate of individuals of diverse race and creed, all very much interested in themselves, and all very intent in the accumulation of individual wealth.

We must conclude that the tendency of voluntary subordination of the individual to the state remains very slight in a peaceful country.

The great problem of the socialist is how to inject the bug of state into individuals in the absence of common enmity. If his answer is "education," he surely means propaganda. It is well for us all to remember this.

The reader may object to the recital of the fallacies of the just-complex on the ground that the author regards human nature as static. The author does nothing of the kind. His attitude is prompted, however, by the desire to quit make-believe. Essentially, the gravest fault to be found with any of the well-known programmes of social reform is make-believe. Everyone postulates an ideal type of man, —

sometimes admittedly; everyone overlooks the full significance of the problem of scarcity, to which we now again turn.

SOCIAL REFORM AND PRODUCTIVITY

What are the actual possibilities in a redistribution of income? The British Labor Party, for instance, directly advocates some immediate redistribution in suggesting a minimum wage and fixed prices. The Labor Party's report also advocates an eight-hour day without reduction of wages, excess profit taxes, the undertaking of huge government works and a great extension of free public services. How well do all these planks hang together? Minimum wage and eight-hour day, undertaken as above, both tend to reduce profits. Are both then practicable? And if both are applied, will there be any excess profits? And how about financing the government schemes out of income taxation?

So far as the author knows, the relation of pay-roll to capital investment in the sphere of economic production, the most vitally important of all financial relations from the standpoint of the social reformer, has heretofore been utterly neglected. With a very little effort, by these

figures can be deduced the whole story of the possibilities of redistribution.

Let us illustrate this first by an example of an industry with which the author happens to be personally familiar, the manufacture of cotton gray goods.[1] Let us postulate a mill with, say, a capital investment of $1,000,000 — including fixed and operating capital both. For such a plant, operating on a sixty-hour basis, we may correctly assume a force of 600–700 employees and a yearly pay-roll of $300,000. Economists applying an investment interest rate of 4-6% would calculate the profits of such a business at $40,000–60,000. Let us be business-like. Let us calculate average profits on a basis of 10% net. That would give us an income of $100,000 per annum. This sum represents, then, the complete leeway in an increase of pay-roll. Applying the two figures, we find that by eliminating profit from the business altogether, wages may be increased to the extent of 33.3%. Or a profit of 5% being retained, there might be a wage increase of about 17%.

Certainly these estimates do not lead us to expect very striking results from a redistribution of income.

[1] Cloth which is neither bleached, dyed or printed.

How far do results obtained here apply to other industries? We may say, to begin with, that it is impossible to generalize: obviously we must expect the relation of labor to capital to vary from industry to industry — to differ, e.g., in cotton manufacturing and in mining, and again in lumbering, — since the means of production may differ radically. Again, we must expect some differences within a given industry: in merchandising one firm may have sunk a part of its capital in a building and consequently do a smaller business than a firm with the same capital which rents its premises — though in all probability the firm with the building would borrow upon it. In fact, in the case of firms in a line where there is no element of monopoly, the relation between pay-roll and capital would naturally tend through competition to be constant. Especially does this apply to the various manufacturing industries, where the size of the plant determines to all practical purposes the size of the force. It is only really in the extractive industries, where the monopoly element enters in, that any great variation is apt to develop. Mining in particular allows for this phenomenon; a silver mine twice as valuable as a copper mine may employ a force only equal to that of the latter.

So much for the difficulties of generalization on the relation of pay-roll to capital investment. A second difficulty arises from the fact that the rate of profit, temporarily at least, may vary considerably from industry to industry — even where no monopoly element enters in — and even within industries. Here, too, however, we must depend on the forces of competition roughly to even up things. And again, we may take it for granted that the departure of one firm from the mean profitability in one direction, will probably be compensated for by a departure of another in the opposite direction.

The fundamental difficulty in estimating possibilities of redistribution in this manner arises from the difficulty of obtaining accurate information. Corporation reports rarely give figures of pay-roll; and corporations when asked, often show reluctance in answering. Unincorporated concerns are even more reluctant to divulge operating figures. Also, in order to obtain an accurate conception, our figures must antedate the war which has brought an unusual period of "prosperity" with a consequent disturbance of financial relations.

The author has succeeded in correlating pay-roll and investment in the case of several large

mining companies, a large railroad stock equipment company, several railroad companies, cotton manufacturing, cloth bag manufacturing, the leather goods industry, the department store, and the cafeteria business. Results obtained are of striking interest.[1]

It must be understood before we proceed further, that the relationship we are discussing connotes nothing about the relative profitability of industries. Many other costs besides labor enter into products, and where labor cost is low, the other factors of expense are compensatingly high. To this conclusion any faith at all in the law of competition inevitably forces us.

As investigation shows, the relation of payroll to capital investment varies very widely from industry to industry, and with it possibilities in redistribution. We have seen in cotton gray goods manufacture, that a 33.3% wage increase would tend to absorb all profit. (We are assuming all the time, of course, no effort is being made to pass the burden on to the consumer by an increase in prices.) Let us take now the case of cafeterias. This business ex-

[1] The study is one such as might well occupy a trained investigator for years. The author's concerns are primarily to point out the field and indicate the method of research in the hope that the proper person with the requisite amount of leisure may be moved to take up the study.

hibits the interesting phenomenon of pay-roll exceeding capital investment, largely accounted for by the fact that premises are customarily rented. In a typical case, a pay-roll of $25,000 per annum compared with an investment of $20,000. Let us assume an average profit of 25%. This may seem high, but very often such a rate prevails in businesses done on small capitals. On this basis wages could be increased to the extent of $5,000 or 20%.

Turning again to manufacturing, the author finds that very much the same possibility in wage increase exists in cotton and jute bag making, as in cotton gray goods manufacture, when the same rate of profit, 10%, is used in figuring. In the case of the large railroad rolling stock corporation the relation between pay-roll and capital invested proved to be somewhat wider, about 1:4.5. Assuming this company's capitalization to be $50,000,000 and its average profit 10% or $5,000,000, pay-roll ran to about $11,100,000. A total absorption of profit would thus allow for a 45% increase in wages. About this same figure obtains for the leather goods industry.

In comparing pay-roll and capital investment, a word should be said here about the author's definition of the latter. In the case

of firms and other unincorporated business, capital investment means net worth. In the case of corporations, the author considers that for present purposes, bonded interest should be included in worth along with capital stock and surplus. This differs, to be sure, from the ordinary practice of economics. Inasmuch, however, as no scheme of redistribution of wealth can be conceived in which a distinction would be drawn between bond and stock interest, the author believes his policy to be better suited to his purpose.

In the case of a large corporation mining and smelting gold, silver, lead, copper and zinc ore, a ratio of pay-roll to capital investment of approximately 1:6 was obtained. Thus if we assume this firm's capitalization to be $10,000,000, its pay-roll $1,660,000, and its average profit 10%, we find a leeway in wage increase of about 61%.

The case of a corporation mining copper exclusively presents a marked contrast. In this instance a pay-roll of approximately $4,000,000 compared with a capital investment of approximately $11,000,000. Here, figuring profit at the same rate, the figure of 27.5 marks the limit of wage increase.

In this instance, however, the author has

good reason to believe that the company's balance sheet shows under-capitalization. Probably we should be correct in estimating the normal relation between pay-roll and capital in the extractive industries to be as we found it in the case of the other mining company.

A large department store with which the author happens to be familiar has a force of about 1,000 employees, a pay-roll of $420,000 per annum, and a capital investment of $1,500,000. Here wages could be increased to the extent of about 35%, again figuring on a 10% profit.

The author regards the figure of 35% as representing a fair average for merchandising in general. Beyond doubt the wholesale end of the industry would show up more favorably than this. However, there are countless small retail establishments in which the proprietor and his family keep shop themselves — with maybe some little assistance, and in which profits partake of the nature of wages. These would bring down the average considerably. All in all, we may probably safely use the figure of 35% to represent the possible wage increase in the case of merchandising.

How is it in the case of the transportation industries? Here we note the most favorable

possibilities of all — a situation, moreover, which we find already partly taken advantage of. For the operating year, 1913–1914, several large railroads showed a ratio of pay-roll to capital investment of about 1:20. Thus a $200,000,000 company would have a pay-roll of $10,000,000 per annum. In this case, however, we are not justified in figuring a 10% rate of profit; 6% comes much nearer, in fact is about right. The expected profits would therefore amount to $12,000,000, and would allow for a wage increase of no less than 120%.

It must be remembered that since 1913, wages in railroading have advanced considerably as a result of the United Brotherhoods' successful agitation. The above figure for potential increase should be reduced on this account in all probability fully 20%. It must not be forgotten, again, that applied to transportation as a whole, including shipping as well as railroading, this figure would be greatly in excess. Railroading represents a much more highly "capitalized" industry than shipping. Ships offset rolling stock but the ocean blue cannot be set against tracks, ties, ballast, bridges and tunnels. Nor is the somewhat higher rate of earnings in shipping sufficient to offset this difference. Making allowance

for both these corrections, we should probably not be far wrong in regarding 90% as the possible limit of wage increase in transportation as a whole.

Is there any possible mode of averaging the results we have found for the various lines of production? Happily there is. The U. S. Census report in estimating the national income, lists the incomes from the several types of industry separately. Thus for the year 1910, "Commercial and Professional Services" are valued at 8,977 millions; income of "Manufacturing, Light and Power," at 8,437 millions; that of Transportation, at 2,656 millions; that of Mining at 976 millions. Let us assume the value of Commercial Services to amount to two-thirds of the combined value of "Commercial and Professional Services," or roughly 6,000 millions. Then using our figures for potential wage increase, 40% in manufactures, 60% in mining, 35% in merchandising, and 90% in transportation, we are able to obtain a "weighted" average. This figures out 46.76%.

Here we have, then, a measure of full average wage increase above present normal wage levels, possible for all industry as a whole.[1]

[1] Fishing and Agriculture excepted.

And we only arrive at this figure, it must not for a moment be forgotten, through the entire elimination of all normal profit and interest. Reduce interest and profits only 50%, and you cut the potential wage increase to the same extent. Surely the facts, as they present themselves here, give little more room for encouragement than do the possibilities of increased human utility through an averaging of the national income.[1]

It should not be necessary to remind the reader that the author's figures represent at best only an approximation. They are so far valuable as they provide us with a basis for thought. Especially significant from the social standpoint are the variations revealed between industries in the pay-roll — capital ratio. In any industrial reorganization, or in any radical redistribution of the social income, their presence would assuredly have to be taken into account.

Let us now return to a question posed before: is it practicable to introduce both the reforms of minimum wage and eight-hour day, assuming maintenance of prices and wage-rates? We have seen the workings of artificial wage increase. To answer this question we

[1] See above, p. 91.

must now turn to a consideration of the relation of working hours to costs.

It is common to hear people in favor of eight-hour day say: "Why, it could only reduce profits 20% at the most." They reason, of course, assuming a ten-hour day is in vogue at present, that an eight-hour day will bring at the outside only a 20% curtailment in production; and then they apply this figure to profits. Now nothing could be more fallacious and it is the author's intention to show why.

Let us turn again to cotton gray goods manufacturing. Let us assume again the million-dollar concern. Now in cotton manufacturing it is customary to measure plants by spindleage; and $30 per spindle is the value commonly assigned to a going concern. Thus we perceive we are dealing with a mill of approximately 33,000 spindles. Efficiently run on a ten-hour day basis, such a mill should produce 7,000,000 pounds of X (a construction well known to the author) per annum.[1] We can assume a manufacturing cost — an "overhead" — for X in normal times of 5 cents a pound. This means that the expense per annum of running the mill — labor, power, fuel, starch and sizing, supplies, insurance, ad-

[1] In determining costs and fixing a selling price, the cotton manufacturer has to figure from pounds to yards.

ministration — divided by 7,000,000 gives the figure of 5 cents. We deduce from this, further, that $350,000 represents the total yearly expense of production.

Now what happens if we introduce an eight-hour day with maintenance of wage rates and maintenance of prices? The supposition held universally by cotton manufacturers is that shortened hours means a directly proportional decrease in production. Let us assume, for the time being, they are right; their attitude will later be fully justified. Now since this mill has been on a ten-hour basis, the eight-hour day will result in a decrease in production of 20%. Instead of production running 7,000,000 pounds, it will now run 5,600,000 pounds. In order now to get overhead, or manufacturing cost per pound, we shall have to divide total expense, $350,000, by 5,600,000. Performing this operation, we find overhead now to be 6¼ cents per pound.

In other words, expenses have increased 1.25 cents per pound. Or, on the new basis of 5,600,000 pounds production, the mill will have to foot a bill of $70,000.

But, the reader may ask, has not an error been made in assuming total expense, $350,000, to have remained constant? Will not expense decrease with a decrease in production?

In order to answer this question, we shall have to consider the items of expense one by one.

Outlay for labor, by far the largest cost as the attentive reader will recognize, will remain absolutely constant. Wages cannot be diminished. Some few workers might be displaced through the "spreading out" of others, but this would be entirely on piece work and, from the mills' standpoint, would mean no economy. The two instances where costs might be reduced are machine-shop expense, and cotton-handling charges: brokerage, storage, weighing, and risk. Running on shorter hours, there might be less repairing to be done. But it is exceedingly problematical, indeed, whether this decrease would be great enough to permit of discharge of workmen. The chances are that in an endeavor to speed up production, much more repair work than hitherto would be brought to the machine-shop. Let us allow for a full reduction of 20% in cotton-handling charges.

Fire insurance expense would remain the same. So would administration, if we assume salaries of superintendence and office-work would not be cut. The same amount of superintendence would be necessary. In the office

the work of making up pay would not be easier. A business of the size we are assuming employs probably two stenographers; the chances are their tasks would not be lightened to such an extent as to permit the discharge of one. The work of bookkeeping and auditing would, of course, remain the same.

In the case of power, fuel, starch and sizing, and supplies, expense would diminish. The extent of the decrease we can assume in each case to be directly proportional to the decrease in hours — 20%, in other words. As a matter of fact, it would be somewhat less than this in the case of power because the consumption of power in starting up greatly exceeds the consumption after the installation has gotten under way and its moment of inertia overcome. But let us assume here, too, a decrease in expense to the full extent of 20%, and let us make a correction for all these variable items. This has been done with an actual cost statement of a mill at hand. On estimate, the total decrease is calculated to be $15,000.

From the figure of $70,000 obtained above, we must therefore subtract $15,000, leaving $55,000 as the corrected figure for increase of expense through the introduction of the eight-hour day.

But even this, we find, does not tell the whole story. We have hitherto assumed a 10% net profit in cotton manufacturing which in the case of this million-dollar concern amounted to $100,000. By net profit we mean gain after depreciation has been written off and all operating expenses paid. Merely as a matter of convenience, let us assume the mill's profit to be $105,000. On a basis of 7,000,000 pounds, the ten-hour day production, this would figure out 1.5 cents a pound. Decrease production without increasing selling price and you do a directly decreased volume of business. Instead of a profit of $105,000, the year's output on an eight-hour basis 5,600,000 pounds, allows a margin of only $84,000. From this has to be deducted the amount of increased expense, $55,000. We thus finally obtain the figure of $29,000 for the mill's annual gain operating on an eight-hour day, which representing 2.9% upon capital, means a decrease in profit of practically 70%.

On such a basis a 10% wage increase would absorb all profit.

Now how far do these results hold for cotton gray goods manufacture in general? We have been assuming, of course, that our typical concern is producing a certain construction, X.

The reader would recognize from the low figure of 5 cents for overhead, were he familiar with cotton manufacturing, that we are dealing here with a heavy cloth of the simplest weave.

Now overhead in cotton gray goods manufacturing tends to vary in almost exact inverse proportion to the weight of the average yarn in the product: in other words, the lighter the cloth per square yard, the higher the manufacturing cost. The refinements of theory at the bottom of this are entirely too involved to go into here. But obviously the essence of the reasoning is this, that the lighter the yarns, the smaller the pound production of a mill and the higher the manufacturing cost, or overhead, per pound. Here we have the answer to our question. As production decreases in pounds on lighter constructions, overhead increases. Increasing the overhead through the decrease of production resulting from curtailment of hours, means in the case of lighter constructions, therefore, a larger increase in overhead. But this is offset by the fact that the larger increase has to be applied on a smaller pound production. The rate of increase in operating expense through introduction of the eight-hour day would tend to apply

uniformly, therefore, in all kinds of cotton gray goods manufacturing.

The cotton manufacturer varies his figure for profit inversely to the pounds production of his mill on various constructions. So the margin of profit remaining the same, approximately the same net rate of reduction in profit also would extend to all gray goods manufacturers alike.

Now by "gray" goods we mean not a particular kind of cloth; but any cloth before being "finished" — meaning dyed, printed, or bleached — or woven with uncolored thread. So we see that the profitability of all cotton manufacturing other than the bleaching end of the industry would assuredly suffer greatly — to the extent of about 70% — through the introduction of the eight-hour day.[1] That is, if we assume this reform carried with it stipulations as to maintenance of wages and prices.

Now, it appears to the author that an introduction of the minimum wage in cotton

[1] The only exception to this might be certain lines of production — pile weaves, corduroys, toweling and the like — where handwork enters in to such an extent that a shortening of the work day might not, if the hands worked faster, curtail production. But this amounts to but a mere drop in the bucket, taking cotton manufacturing as a whole.

It should be noted also that we are dealing with woven, and not with knitted, cotton goods manufacturing.

manufacturing either in this country or in England, along the lines suggested by the Labor Party, might very well lead to an increase in pay-roll of over 10%. We saw, however, that under their eight-hour day programme, the full limit of such an increase would be 10%. We are forced inevitably to the conclusion, therefore, that unintelligent application of the Labor Party's programme to the great cotton manufacturing industry would lead to quite unexpected results. It is true this programme stipulates maintenance "of the present elaborate system of 'costing' and public audit of manufacturer's accounts, so as to stop the waste heretofore caused by the mechanical inefficiency of the more backward firms; of the present salutary publicity of manufacturing processes and expenses thereby ensured; and, on the information thus obtained (in order never again to revert to the old-time profiteering) of the present rigid fixing for standardized products of maximum prices at the factory, at the warehouse of the wholesale trader and in the retail shop."[1] These stipulations undeniably tend to revive hope again in the cotton manufacturer's heart. But the

[1] *The New Republic,* Supplement to the issue of Feb. 16, 1918, p. 9.

author cannot help wondering whether the formulators of the Labor Party's programme have any real idea of the widely extended readjustment of commodity values which their reforms would necessitate, and of the immense effort involved in the task of general "costing."[1]

We must now return to the question posed above concerning production and hours. As it so happens at this moment a long series of investigations is being conducted on the subject by the National Industrial Conference Board, a national employers' association. The first report has lately been published covering, happily for our purposes, the cotton manufacturing industry. The results of the investigation and the mode of investigation are both interesting. What was done was this: a questionnaire was sent out to every employer in the industry requesting information as to past curtailment of hours, its effect on production and cost, on output and health. These reports were then summarized.[2]

[1] This point will be brought out more fully later.

[2] The author has heard a good deal of adverse criticism of the questionnaire method as employed in industrial surveys. It is usually said that the task of furnishing the data is detailed to some "little fellow" who cares not a rap about the job. It has been the author's observation that whersoever a questionnaire covers a topic of importance, to the contrary the "little fellow" takes a great deal of interest in doing the job.

Of course, where the information sought is of a confidential

It was found that in no case had hours been reduced to less than fifty-four. Ninety-five northern establishments reported reduction of hours; of these six reported production maintained; sixty-four reported production decreased; and twenty-five failed to note the effects on production. Of the establishments noting a decrease in production, the investigation has this to say: "In most cases the reduction in output was stated to be about proportional to the reduction in hours. The preponderance of evidence is so marked that extended analysis of the data is unnecessary."[1] It is worth noting, however, that the data were appended for inspection.

nature, the investigator can only obtain satisfaction by going for it in person to the head of a business. The matter covered in the Industrial Board's first survey was in no respect confidential.

[1] The reader may wonder how these manufacturers with their reduced production are able to compete. First of all, it must be remembered that in no way was the reduction in hours anything like 20%. Then it must be understood that in this case there was no provision for price and wage maintenance. In a majority of instances wages declined. Where they did not, it is safe to assume that the manufacturers passed on the cost. Competition creates only a rough uniformity — trade-marks, novelty lines, etc., interfere with its workings in particular instances — and the burden can be shifted. Where the particular construction was worth anywhere from 7–10 cents per yard, depending on the price of cotton, the increased cost per yard necessary to maintain original profitability in the hypothetical mill illustration would only amount to about one half cent. The fact that the raw material constitutes the biggest item in cost accounts for this, and should not blind us to the reduction of 20% in output.

The widespread experience of cotton manufacturers has thus proved to them that curtailment of hours means a corresponding curtailment in output. The reasons for this are not far to seek. Cotton manufacturing — in fact textiles in general — represents an industry where mechanization has been carried to the last word. It is not that men have machines to run; the machines run themselves. They are practically all automatically fed and equipped with automatic stop-motions.[1] Spinning frames are actually never idle except to doff — to remove the full bobbins. Machines run in the worker's absence. The function of the worker in every case is merely to correct mistakes — breakage of yarn or other accident. In the case of spinning, several hundred spindles are running while the hand is "putting up" an "end" of one. In other words the machine controls output.

The fact that six establishments reported no decrease in production under curtailment of hours can easily be explained by the nature of their products. The mills were "on" the

[1] Drawing-in machines are the only exception to the rule on feed. In the force of the average mill which spins and weaves, drawing-in hands number less than one in the hundred.
Roving frames are not equipped with automatic stop-motions. Frame hands number no more than 10% in the force just referred to.

following: plush; turkish towels; cotton dress goods; satin, marseilles and dimity quilts; lace goods and rugs; fine cotton goods. The testimony of the mill on cotton dress goods proves to be absolutely unreliable because there was a radical change in the management with the introduction of modern methods at the time the reduction in hours took place. All the other mills represent extreme instances in this industry of the application of hand labor; they are absolutely exceptional cases, and altogether unrepresentative of the trade. It is unnecessary for us to go into the technical details of production of the various articles above enumerated. Let it suffice to say that the manufacture of plush, for instance, bears to the manufacture of sheeting or print cloth about the same relation as oil painting to printing.

There is, again, no reason to suppose possible a speeding up of machinery in cotton manufacturing to offset a decrease in hours. The aim of cotton manufacturers has always been to speed up production. The limit to the realization of this object is imposed by the nature of the various yarns entering into product.

We are compelled to face the fact, therefore,

that in cotton manufacturing the introduction of the eight-hour day under the condition postulated would cost "some."

The essential purpose of the author in considering in so much detail these various productive phases, lies in an effort to drive home the fact of economic scarcity. Disregard of scarcity counts not as a mere cheerful oversight but as positive error. Scarcity is what impells men to labor; and scarcity is what molds the nature of men. If life offered us all that we wanted or even required, there would be not the slightest cause for social reform; we should have a socialist universe. You may cling if you so wish to a divine belief in the original unselfishness of man; but you must admit that Nature's manifestations, as we find them, conduce mightily to bring out the acquisitive and self-assertive instincts. Hobson complains bitterly of the "superstitious" regard most people manifest for property. We know otherwise.

Several illusions have prevented social reformers, with a few notable exceptions, from appreciating this scarcity which in reality is the central fact of life. The first the author

calls "mass presentation." Modern existence sends us gallivanting around our world. An endless chain of commodities passes before our view; we see the product but not the effort embodied in it. Again, we see factories, buildings, and homes but not the people in them. Second, we are blind to the fact of the necessity of maintenance: we take in what existence supports but we do not begin to perceive the support of existence in either animate or inanimate objects. Third, we cannot put out of our mind that anomaly of life — the big income. The exceptional will stick in our memory. We are unmindful of the fact that the very rich do not consume their wealth — in fact consume very little of it.

A half-realization of the existence of scarcity often leads some social reformers to conclusions of doubtful validity. A whole series of these have to do with the "wastefulness" of competitive industry.

The "inefficient little plant" idea constitutes the first fallacy in this regard. Combination and large-scale production have come to constitute together a fetich. Now if we investigate, we find the advantages assigned by economists to large-scale production to be: use of machinery, saving in general expenses

(office and administration), buying and selling, utilization of by-products, experimenting.[1] Buying and selling we may dismiss altogether: this advantage is one of profits, not of efficiency in production; similarly with utilization of by-products. Of one thing we may be sure, the business man permits very little of known vendible value — not even old paper trash — to go to waste. If he is unable himself to utilize a by-product he sells it to some one who can. Here again the matter turns out to be merely a consideration of profit, not of conservation. Saving in general expenses might be a matter of conservation if it led to a decrease in personnel. But usually we assume that an employer, big or little, exacts a full day's work. As regards the supposed advantage in experimenting: formal and elaborate experiment towards improving productive efficiency goes on only in the plant-equipment industries — manufactures of power installation and transmission, and machine building. There is a distinction to be drawn between experimenting in product and experimenting in production. The work of the industrial chemist, for instance, of which we hear so much nowadays,

[1] Taussig, "Principles of Economics," ch. 4, The Macmillan Company, New York, 1911.

usually partakes of the nature of the former. In attracting superior ability, in this instance as in the plant-equipment industries, the larger firm has the advantage; but the gain here comes rather through improved product than improved efficiency.

This leaves use of machinery alone to be considered. There are two aspects to the subject: the use of a large, as opposed to a small unit of machinery; the use of machinery, as opposed to the use of men. Viewing the matter first in the former regard, we perceive accepted economic theory to rest upon a very strong argument. Beyond any doubt, in some instances a larger mechanical unit produces more efficiently than a smaller one, lending to the big plant in which it is installed an operating advantage over competitors'. Within certain limits a measure of power, for example, costs less the larger the power installation — and this saving must be acknowledged an economic one. By reason of this advantage in operating costs, the big freighter, both as an instrument of production and as a money-making proposition, is superior to the tramp.[1]

This leads us to the second aspect of the

[1] These examples and the following one are taken from Taussig, ibid., p. 53.

matter: the substitution of machinery for hand labor. In the case just discussed of steamships, it is only the existence of regularly heavy traffic which allows the superiority of the big freighter to be realized. Somewhat similarly there are cases in industry where the phenomenon of large turnover renders economical the use of machinery in place of men. Such an instance, for example, is the handling in quantity of coal and ores by the steam shovel. Here, again, through the use of this device, the big plant derives an advantage merely because of its bigness.

But there is more to be said, after all, about this mechanical advantage in large-scale production. To hear many social reformers, and for that matter economists, talk, one would think labor-saving devices grew on trees. Now it is a fact that machines can be built to do anything except think. Consideration of efficiency alone is the deciding criterion as between hand labor and mechanization. But this consideration does not narrow itself to a mere comparison of output by hand and by machine. It goes behind the machine and estimates the hand labor in the machine itself; and this it chalks up against the machine. If over and above this a saving in labor is found,

then mechanization finds endorsement — and only then.

What happens when a machine is invented to do work hitherto done by hand? We must assume the inventor desires to make money. He therefore puts his invention on the market at a price calculated to attract as many customers as his output can take care of. Whether the manufacturer chooses to adopt the invention depends entirely on its efficiency in the larger sense — on whether it will pay. The machine has only a limited life. The manufacturer multiplies the yearly saving in output by the number of years he estimates this life to be; he adds in a sum equivalent to interest on his money otherwise invested. If this total exceeds the cost price of the machine, he buys — otherwise, not.

Very often a manufacturer rejects an invention. Particularly does this hold true of machines of the nature of improvement on other machines. The advance in efficiency may be too small to cover the scrapping of the labor value embodied in the old model. Taking an example from cotton manufacturing, ordinary power looms have persisted in some plants long after the introduction of Northrop automatics. Manufacturers needing new ma-

chinery have bought the improved model; others have waited and are waiting until they consume old values.

In this manner is conservation effected in the industry of to-day. The calculation involves a comparison of relative values put by society on such diverse articles as pig iron and taffy candy, and consequently represents a perfect guide to direction of the effort of production.

Notwithstanding the possibility of mechanical advantage in large-scale production, there are many lines of industry to-day where the small plant produces as efficiently as any.[1] Textiles presents as good an example as can be found. Here only one unit of plant may vary in size: power installation. The great differences existing in size of plants are due entirely to the inclusion of a varying number of similar units of equipment; the phenomenon connotes in itself nothing in regard to productive efficiency. In all probability the condition in textiles comes close to being representative of industry as a whole. Though there are certain typically large-scale lines, among them iron and steel-making being easily the most notable. The point is that where large-scale

[1] This fact is understood but not emphasized by economists. The 1910 U. S. Census showed only 540 plants in the United States with over 1,000 employees.

production pays, there it already tends to predominate. "The inefficient little plant" idea has very little basis in reality. Of this two everyday facts are alone sufficiently convincing: first, the continuing existence of the small alongside the large plant in most industries; second, the tendency of purchasing agents to seek out the small concerns. There is commonly a tendency for these to sell cheapest — meaning that they content themselves with a smaller margin of profit on the same manufacturing cost.

While combination is not necessarily synonymous with large-scale production, it is combination which has so impressed us with the importance and value of the latter. We have had before us, in that very industry which seems most favorable to large-scale methods, startling examples of the success of huge corporate concerns. We have come to attribute this success to these methods. That by so doing we err, we only realize upon examining into origins. In ninety-nine cases out of the hundred, considerations of profit, and not of efficiency at all, have led to the formation of large corporations of all kinds. Either some one or several producers have had an unusually "good thing" and wanted to "sell out,"

gaining thereby a large share of free common stock which some day would be capitalized on its earnings, or several interests have desired to effect control of a market for the purposes of exploitation. These are the motives that have lead to combination — that is, to horizontal combination, an association of producers of like commodities.

Considerations of profit, again, but of a different nature have prompted vertical combination. The U. S. Steel Company in controlling mines, railways, steamships, steel mills, and what not, has effected no considerable saving in human effort — all these have to be manned and directed. What the Steel Company has effected is a saving in producer's profits — the mine-owner's, the railway stockholder's, etc. Here again, we see, we must draw the vitally important distinction between profit and labor economy.

But if all that has been said in regard to large-scale production is correct, the reader may be wondering how to account for the existence of the big plant. We must not mistake cause and effect. Large capitals invested in manufacturing commonly have been earned entirely on the outside, — usually in mercantile lines, — and merely represent the size of the

public surplus for investment purposes. Nevertheless, it is true we do often find manufacturing concerns which have built themselves up to gigantic proportion, — sometimes in a single generation. From the beginning these establishments may have been operating under competitive conditions; their growth need not be attributed, therefore, to the advantages of artificial monopoly in any sense.

Here, of course, we are dealing with the personal element in industry; for the explanation of the problem confronting us we go directly to an examination of the business man himself. There are two traits of character upon which modern industrial conditions put a tremendous premium: foresight and judgment. The fact is, something both economists and reformers fail usually to realize, in the existing order men grow rich not through producing — in the sense of manufacturing — but through trading. This is a consideration to which we shall later return.

So much for "the inefficient little plant."

Another indictment of competitive industry which bears criticism is the much-talked-of "duplication of services," or "competitive waste." This hits particularly at the distributive side of production. The exponent of this

argument sees tremendous economic waste in the mere existence side by side of competitors; inherently there appears in the condition a needless duplication of facilities and personnel. In the case of wholesale and retail merchandising, the argument holds up idle clerks and criss-crossing delivery routes; in railroading, miles of unused tracks and empties by the score. Nor is criticism confined to the distributive industries. Some needless duplication is seen in manufacturers' facilities everywhere.

Now no doubt lost motion exists in all these instances; that its elimination would amount to any great increase in productive efficiency is very much to be doubted. Take the instance of retail merchandising delivery: in many cases department stores to-day route their delivery vehicles; economy already before the war demanded this. The delivery trade of drug-stores is confined usually to the immediate neighborhood. Milk dealers who deliver are very often big enough to route vehicles. In many towns and small cities, again, dairymen drive their product in from the outskirts of the town in the morning and do their own delivering, attending to their cattle later in the day. Some but no great wastefulness prevails in this instance.

The critic forgets, in the case of the railroads, the splendid services rendered through preceding population into new territory. The misjudgment displayed in extending lines has probably been more than offset by development of territory encouraged elsewhere.

In all branches of retail and wholesale merchandising, we must assume some relation of facilities to demand: merchants, big and petty, have to make a living to live. We must remember, again, that by having many retail stores scattered throughout a city, instead of the one or two distributing agencies advocated by socialists, we effect some actual saving through minimizing customers' transportation.

"The jostling crowd" of employers spoken of in the Labor Party Programme appear to jostle more in fancy than in fact. They are all engaged in circulating their commodities — that is their business. It cannot be doubted that a great deal of a stenographer's time and of writing material is spent in bargaining. But nowadays, it must be noted, this function more nearly takes the form of price quotation comparison than of barter; its exercise remains confined to purchasing agent and managing head, and by no means completely occupies either.

The ideal organization would of course be some sort of socialist state where commodities of all kinds, supplies and consumables, flowed directly where needed. Can anybody imagine such an organization? Bureaucracy in the sense of official tyranny has long been recognized as a danger in socialisms; its cost, in the sense of a diversion of personnel, has never been. We should have to have in charge of each plant and distributing agency some directing official resembling the present-day employer; and in addition, a whole army of directing officials located at a central point or points;—not to mention traveling inspectors. Probably the cost to society would be tremendous; it represents an amount which only a very great increase in productivity, indeed, could offset.

Still another set of illusions manifests itself as a result of a half-realization of scarcity—this time on the part of over-zealous agitators for a reduction of working hours in industry. They attempt in various ways to minimize completely the loss in production which first thought on the subject brings to mind. The harm results from the discredit cast by fallacious reasoning upon a cause quite worthy of standing on its own merits.

The first of these illusions is Scientific Management. Now the author insists most emphatically that there is little new about this except the name and some of the theoretical (and unapplied) technique. Ever since employers and employees have existed, the aim has been to increase the efficiency of the latter. There has been selection of particular men for particular jobs; attempts to increase individual output by bonuses; adaptation of implement to task. Employers have never labored for their health; it has always been, and remains to their material interest, to promote efficiency in their employees. Of course, there are instances of inefficiency and, of course, there is opportunity for scientific management. An expert may go into any business, no matter how well organized, and point out one or two mistakes in management. But that taking industry as a whole, revolutionary changes can be accomplished over night by an as yet nonexistent body of so-called "Scientific" Managers, is ridiculous.

The idea has gained ground lately, through the publication of certain preliminary reports of the British Health of Munitions Workers Committee, that hours of labor can be varied almost at will without effect on individual output. As a matter of fact, as yet very

little exact evidence has been established on this subject. An intelligent and generous critique of these early reports of the Munitions Workers Committee has just been published by the National Industrial Conference Board. The Committee reports show that maximum output in the case of women and boys in several lines of production was obtained by a fifty-five-hour week; for men involved in heavy hand labor, fifty-one hours a week. It should be said that these figures represent *actual* working hours after deducting for absences, tardiness, and minor interruptions of work. The nominal working hours were usually much longer.

Other factors call for comment. The investigations of the Committee covered a period of a year or more. At the beginning of this period of observation, output may have been deliberately restricted by the trade union customs we know to have been in vogue. At the beginning of the war hours of work were gravely excessive, running as high in some instances as fifteen per day, seven days in the week. Reduction in hours took place largely through the abolition of Sunday labor, which may have made the effect on output considerably greater than we can expect from a reduc-

tion spread throughout the week. Again, as the war went on wages were increased and put on a piece-rate basis. Finally, patriotism may have exerted an important influence on output. We know this to be the case with France where exceedingly long hours and even frequent Sunday labor have not caused any excessive fatigue, and have led to increased output.

The author himself inclines to the belief that in the case of hand labor and even in the operation of hand-fed machines, some reduction in working hours can take place without loss in output.[1] A little experiment conducted by the author in the case of a roving frame operator in a cotton mill tends to bear this out. This type of machine represents the one instance of any importance in cotton manufacturing where production depends largely on the operative's effort. The roving frame has no automatic stop-motion; and whereas a single hand may run twenty automatic looms, a hand usually runs one roving frame on coarse work, or maybe two with a helper. In this

[1] There can be no doubt about it. As this work goes to press, the results of the *National Industrial Conference Board's* second investigation of relation of hours to output are being made public. The investigation covers the boot and shoe industry and shows a reduction of working hours from sixty to fifty-four involved no loss in output.

instance again, operation calls for a decided physical effort, which may in the case of women, lead to excessive fatigue.

It was found in the case of the operative under discussion, that running through the noon lunch period, half an hour, led to a slightly decreased output. In other words, a reduction from sixty-three to sixty hours per week actually produced a favorable effect on output.

While this result cannot be held conclusive for reasons given below, curiously enough it is borne out by an investigation of the output of three frame hands, as reported by a mill to the National Industrial Conference Board. Here hours were reduced from sixty to fifty-four without any decrease in production.

It is interesting to note why a possibility such as this can lead us to no increased hope of maintenance of production in a mill taken as a whole. Briefly the reason is this: that whereas stock passes through one process where human fatigue may enter as an appreciable factor into output, it passes through several processes where no such thing obtains.

Now if there were in an industry only one process in which the element of fatigue did

not enter as a determinant of output, the result might possibly be much the same. This one process might, if all the stock were subjected to it, hold up production for the rest of the plant. Of course, installation in this process might be increased; but that would mean an increase in capital, or in another sense, in labor going into the product. Production in this instance could not be said to have been maintained, though the extent of its decrease would be entirely problematical, according to the size of the increase in plant.

The difficulties in testing relative output for varying hours are tremendous and results can only be conclusive when spread over a long period of time. In cotton manufacturing, for instance, how the work "runs" — depending to a considerable extent on the weather; how far ahead the mill is on stock in various processes of production; in the case of the roving frames the efficiency of the helper as well as the hand; — these are all factors which must be taken into account.

The surface appearances of production and consumption in the war have misled many to faith in a sort of a boundless elasticity of industry. Thus Cole believes that after the war, with the return to civil life of the army, real

income should be increased three or four times.[1] He argues that war organization has increased production enormously: millions are being wasted in shot and shell and *matériel* of all kinds, and still the civil population's needs are being satisfied. As a matter of fact, of curtailment of domestic consumption more than sufficient to offset production of war articles, and consequently of a diminished national income during the war, there can be no doubt. We may not see economy in this country in individual cases — though it is said by recent observers that all England appears to manifest the strictest saving — but reduction in national productivity actually has come about. This is shown by the fact, that while since our entrance into the war weighted commodity index figures have increased forty per cent, bank clearings have expanded in no wise as much. In other words, American business has been bigger only because of higher price levels.[2]

As in the case of human nature, so now again the author protests that he views life as dynamic. There can be no doubt of continual increase in productivity ever tending to strengthen man's position against his old

[1] "Self-Government in Industry," p. 17.
[2] Cf., e. g., *Commerce and Finance*, p. 374, April 10, 1918.

enemy, Scarcity. It has become an economic commonplace that the real wages of labor in this country have increased to the extent of sixty per cent since the Civil War; the possibilities of betterment remain, probably, infinite. What must be apparent to the calm observer, however, is that increased industrial efficiency comes slowly as evolution, and not in any sense as the revolution of social philosophers. From which the conclusion must be drawn that for to-day, to-morrow, and the next day, the enemy is without.

CHAPTER V

The Revolution to Hand

A. Improvement of conditions of rural life, p. 151. *B.* School reform: public education in government and administration, p. 155. *C.* Government in industry, p. 161. *D.* Bilateral organization of industry, p. 162. *E.* Elimination of organized speculation, p. 163. *F.* Endorsement of trade unionism, p. 170. *G.* Plant group activities, p. 171. *H.* Establishment of federal labor exchange system — English experience following the Napoleonic wars, p. 173. *I.* Price stabilization, p. 177. *J.* The introduction of the eight-hour day, p. 188. *K.* Modified redistribution, p. 194.

THERE are several aspects in which the various reform programmes we have been discussing must be considered separately. Each of these has to do with valuable possibilities of reform within the existing social order.

ANARCHISM

In the "Last Fish," besides taking a slap at the movement of marginalism in modern economics which gravely pretends to deal with life in a series of symbols and formulæ, the author has attempted to set forth a funda-

mental fault in anarchism — the "simple life" idea. The city attracts men for what it offers; and having once secured its grip, claims them as its very own.

There is much modern literature which is not anarchism in which country life receives extravagant praise. This should not blind us to the fact that the sphere for social reform extends to the country. While in rural populations in the United States we do not, as a rule, find the acute poverty met in cities, we do nevertheless have a decided social problem. Indeed it is up to us in the city to teach the country folk how to live.

Meagre educational and recreational facilities, excessive occupational hardships, a life poor in social contacts are the factors very largely responsible for the continuing exodus to the city which is draining the land of its best blood. Coöperative organization in rural communities presents itself as the practicable and effective remedy. As concrete instances of reform along this line may be cited: the movement for fewer and better schools, cooperative production, community association for dramatics and entertainment.

From the standpoint of society as a whole, rural life often can be found lacking in other

respects. There are some diseases, among them typhoid and hookworm, which are more prevalent in country than in city. Sanitary conditions in small communities are commonly bad. On account of possible pollution of food, eradication of these evils proves to be as important to the interests of city-dwellers as to those of the rural population. What is needed here are careful supervision on the part of state health authorities, local health surveys, and improved medical provision for rural communities through such agencies as district nursing, school health inspection, and the like.

We see, then, that the millennium cannot be expected from a back-to-the-farm movement and that the effort of the social reformer must extend further than the industrial city.

Socialism

A difficulty which the cleverest of socialist writers have never been able to overcome is concerned with leadership in the socialist state. How and by whom shall the directors of industry be selected? Every device has been suggested from casting lots to psycho-analysis. The difficulty presented here is inherent in all socialism, the guild type included.

In all probability the mode of selection would

be the Australian ballot — or in other words, plain common voting by the people. As Professor Carver is in the habit of remarking, two serious evils are inherent in the system: unfair discrimination, and electioneering. In the former regard Professor Carver points to American industrial life of to-day: side by side are found struggling men of all races and all creeds; the crude, illiterate immigrant and the polished, university-bred scion. As far as popular choice goes, one and all they have the same chance of success: they sell their commodities and services, not themselves. Professor Carver, judging the dollar's democracy against the ballot's, hesitates little in rendering the award.

Probably more than any other living economist, Professor Carver emphasizes the note of struggle in life. As Professor Carver sees it, struggle falls into five categories: militant, gambling, persuasive, economic, recreational. Electioneering, along with erotics, belongs within the third; it constitutes an essentially unproductive or anti-social variety.

Since demagogism attracts with a force which mere industrial efficiency can never hope to rival, electioneering would bring to the forefront in the industrial sphere the persuasive

type of individual. And on the principle that the man who talks a lot does little, productive efficiency would surely suffer greatly.

These arguments may be applied, of course, to democratic government as an institution. It is obviously in proof of their reasoning that in popular elections unfair discrimination and electioneering show to the slightest degree, as a rule, the larger the area covered by the election. If democracy has failed anywhere in this country, it has been in its most intimate application — municipal government. True, local elective positions as compared with the national offer a relatively smaller reward and attract probably an inferior type of man. But there enters in, also, this other element of local prejudice. A national election tapping all races, religions, and classes, necessarily yields a fairer, averaged judgment.

When we bear these things in mind and also recall the fundamental factor of struggle in ourselves, we begin to perceive what popular elective methods would mean applied in the industrial sphere. Compared with the juggling uncertainty of tenure of position in such a system, the present "jostling" of employers would be as nothing. The strain on executives and all responsible employees would be

terrific. If to-day breeding despair, "unreason" would then generate utter demoralization. What happiness could such a system offer the individual? Surrounded on all sides by ready critics and jealous rivals, a man could well lose interest in life itself. Assuredly there must be room for security for the individual in society; otherwise society fails to justify itself.

But all this is really beside the point. There seems little prospect of the perfectly adaptable human organism evolving for some time yet; meanwhile society can be expected to depend upon specialization in the accomplishment of its manifold purposes. This can mean only one thing: steady tenure of position and freedom in the administration of industry.

But having accepted political democracy, how can we continue to sanction autocracy in industry? This is the question being asked by the social reformer of to-day. The essence of democracy lies in its provisions for equality of opportunity and popular government. To many, the degree of industrial absolutism above postulated involves fundamentally a conflict with these democratic principles. It remains now for us to determine whether, in the last analysis, the finality of this conflict is real or imaginary.

We shall be greatly aided in the solution of this question by examining for a moment the inner nature of popular political governments. Let us take for an example our own political administration. Here we find a host of officials exercising authority in their respective spheres, who more or less directly represent the people. For the most part, their tenure of position is steady, dependent only on good behavior. There are certain exceptions to this: several higher offices which are unique; and the several appointive offices dependent on these, administration of which calls only for a broad, general experience. Wherever routine work exists whether it be of check-boy in the hat room of the Patent-Office or of Chief Justice in the Supreme Court, wherever differentiation of function is complete, there we meet steady tenure of position. Nowhere in these instances, as a rule, do we find direct application of the popular elective method. The various officials are either appointed by experts representing the people, or they gain their positions through competitive examination.

We have here, then, the political administration of democracy. In comparing it with the administrative organization of industry, we

discover several striking resemblances; but we are compelled to note also several dissimilarities. Now for the complete transformation of industrial autocracy into democracy but two things are necessary, and these are: first, the realization of the fundamental distinction between specialization and status; second, the demarcation in industry of government and administration. The former represents a revolution in the attitude of the spectator; the latter, a concrete reform in industrial organization.

Status means living on in the position in society in which one is born. It features the political autocracy. In so far as status is absent, American industry offers equality of opportunity, and thus fulfills the first article of the political creed we profess. And in this sense American industry is thoroughly democratic. The cases of Americans who have arisen from humble circumstances to positions of conspicuous success in business are numberless; the contest is open to every one, and the prize to the fittest.[1] After all, equality of opportunity depends upon the political, rather

[1] This method of selection of leaders, besides being democratic, possesses several other advantages: sureness, continuity, inexpensiveness. It is a day-to-day test in meeting the consumer's demands of society.

than upon the economic organization of a country. And in this country we have already gone far to effect this equality, witness our constitutional disdain for caste, our welcoming of the immigrant from almost every shore, our provision for public primary, secondary, and collegiate education. Through "social" legislation we have even to some extent turned the scales — that is, on social grounds we have moderated the full rigors of the competitive struggle for existence. In the last analysis the realization of perfect equality of opportunity is impossible because no force can regulate the hereditary and environmental transmissions of parents to children. But our expressed aim almost from the beginning has been to go the full length possible in this direction.

Status means staying where you are put; specialization means putting in all you have, and staying. Considerations of efficiency prompt provision for the quality of specific experience in industrial administration. Call them what we will, we are always going to have need of permanent positions of leadership in the industrial world. We have long recognized and accepted differentiation of function in the army. We must formally accept it

for life in general if we are to survive. Germany's success has come through embracing this doctrine of specializing expertness. Hers is an economy of specialized status, not of specialization — a beehive economy, queen bee, workers, and drones. It is nevertheless an economy of expertness. And in contrast our economy is an economy of means.

It is entirely possible for democracy formally to embrace the principle of specialized beehive expertness without becoming autocracy. The accomplishment of this results from the application to industry of a fundamental principle of democratic political organization: the demarcation of government and administration.

Government is the power residing in the people; administration is the power residing in officials. The former is negative; the latter, positive. The former to be constructive, must be intelligent; the latter to be efficient, must be expert. Education of the day in democracies provides neither for the power of constructive criticism on the part of the many, nor for intelligent direction of the many on the part of the few.

Just as in the American state, so in American industry does all this hold true. In the

state we have a semblance of government but no adequate administration; in industry we have the semblance of administration but no adequate government.

The salvation of democracy will be an education which will initiate all into government and all into administration. Government will be the first lesson;[1] it will be learned by all alike. Administration will come next; in every case its lesson will be taught, but in every case according to the nature of the individual's vocational aptitude.

This is the only way to put an end to the invidiously assertive nature of man as it exhibits itself in its destructive phase. Differentiation should carry with it in no case a stigma. As in the hive every bee has an equally important task, — an organic function, — so in the New Republic.

It is conceivable that the day may come when through improvement in the conditions of work and a change in the spirit of business, the dock-porter may be an athlete and the dock owner an organizing coach. There will be

[1] By this the author means the science of citizenship: knowledge of political structure and social needs. Oppose to this the dislocated curricula of the primary and secondary schools of to-day. The social interest should be the connecting thread throughout. This, together with the vocational training spoken of below, is the fundamental idea in the contemporary "reform" movement in education.

rivalry between coaches and rivalry between athletes. But as between coaches and athletes there will only be mutual sentiments of sympathy and respect.

In such a day government in industry will be organized somewhat in this manner: The directors will represent themselves; the directed will be represented by their elected committee. The veto power of the body as a whole will be final. They will meet to exercise the veto only.

A question which well might formally be passed upon is succession. Administrators would, in all cases, have the choice of naming their successors; these would be, in most cases, their sons. Particularly would this hold true in the case of the higher administrators; for who would be so well qualified as a son to learn from a father, and whom would a father teach in as painstaking a spirit as a son? In these cases, the approval of government would partake of a purely formal nature; it would be merely an acknowledgment of the sovereignty of the people.

The splendid methods and widespread facilities provided by such a society would undoubtedly mean as great an equalization of educational opportunity as is compatible with the

organization of society into family groups. Constantly young men would arise exhibiting executive capabilities differing widely from those of their progenitors — exhibiting, in other words, marked administrative ability in the popular sense of the term. How would the state allow for the exercise of these discovered talents?

In such a society, the state would long ago have assumed control of several industrial plants in each of the various industries. In other words, the state would be competing with the private producer in what we may term a bilateral organization of industry. The entrance by the state into production would have been dictated by several considerations: general efficiency through heightened competition; price stabilization; the desirability of having a laboratory for experiment in the industrial theories of social reform. The state would have entered the productive field in plants of a special type in each industry: those of giant corporations whose owners were largely divorced from actual management. Such corporations are to be found listed on our stock exchanges of the present day. The action of the state along this line would have resulted in several immediate advantages: removed the

financial control of these companies from certain remote gentlemen in Wall Street whose concern for stockholders' interests has often in the past tended to be more or less limited and specific; insured the workers in these companies against the evils of decentralized and absentee landlordism. In the taking over of these concerns, neither the organization nor the ownership would have been tampered with; the stockholders' investments, managed by the experienced managers, would continue to earn for them, but under the supervision of the state. Any expense of experiment would be footed by the state.

In this manner would have been consummated an organization of industry possessing all the administrative advantages of state socialism with none of the dangers nor the costliness of centralized bureaucracy.

Along with the control of these giant stock-companies, the state would have taken over the stock, grain and cotton exchanges. Here again control would amount to supervision. Its primary object would have been the eradication of speculation in these markets through the elimination of the short seller whose action alone introduced the speculative feature. The exchanges would remain exchanges. This

action of the state would have resulted in two great advantages: the removal of certain insidiously pernicious motives from the business world; the diversion of the majority of security brokers to other occupations. Many of these men are very estimable fellows; their organizing and directing talents would have found good use elsewhere. Their fault is not a moral one; simply that they job rather than produce values — they and their retinue of office workers with them.[1]

. . . . . .

The questions of private property and inheritance posed by socialism remain to be considered. Together they constitute a problem which brings up many doubtful issues. Of one thing only may we be sure: that we shall never live to see the abolishment of the right of private property, whether it be in consumer's or producer's goods. The premium on property is still too great. Communism must await a new era of industrial efficiency.

[1] The author is of course familiar with the popular economic justifications of organized speculation. In respect to them the following questions are posed:

a. Remove the short seller, would there be any necessity for "stabilizing" a market?

b. Remove the short seller, would there be any necessity for hedging?

c. Eliminate violent fluctuation on stock exchanges, would there be need for an "active" market for quick liquidation of securities? Would not bank loans on securities serve instead?

With the matter of inheritance it is different. This question has constituted the subject of prolonged discussion by writers who cannot be called socialistic. J. S. Mill, for instance, believed that the social interest dictates that a father render certain advantages to a son, but no more than to an illegitimate child: in other words, support during minority and the advantage of a sound education. Professor Taussig, in contrast, believes inheritance justified by the stimulus it lends to productiveness. Abolish inheritance and Professor Taussig sees men, instead of investing, spending on luxury goods and services. The latter expenditure brings only a personal gratification; the former, through supporting the production of popular consumables, benefits the whole community.

If there be any justification at all for inheritance, the author sees it on two other grounds: individual happiness and industrial continuity. The advantages of the latter have already been partially brought out. In connection therewith, it is well to remember that the real guarantee of responsibility is an interest in the object dealt with; and that no interest can be suggested comparable to that of ownership.

The author finds it impossible to picture himself bringing a child into this world without providing some means for its future support. To subject each successive generation to the full rigors of the competitive struggle seems to him to be a complete denial of the spirit of family life. Call this sentiment on the part of the prospective father vanity or what you will, the fact stands that the majority of men probably feel the same way. Of course, where as is normally the case, the father survives a son's minority and part of the latter's adult life, material assistance can be rendered without the institution of inheritance. But if abolishment of inheritance left room for such assistance, would not the essential purpose of abolishment be frustrated?

What we have said of the father-son relationship applies even more strongly in the father-daughter relation. On the whole, we must conclude that as long as society clings to the right of private property and to an organization of industry along private competitive lines, the institution of inheritance will also remain.

Guild Socialism

The gravest fault in guild socialism lies in its utter disregard for what constitutes in the society of to-day the essentially capable element: the possessing classes. Guild socialism dispenses with this element altogether. Its antagonism apparently does not confine merely itself to the existing stratification of society but extends to the personnel of the upper strata. Now whatever else we may believe, we may rest assured of this: that the future society is going to draw its leaders, in large part, at least, from the classes which produce them to-day. Ability constitutes a specific quality of the individual; it arises partly as a result of innate qualities, partly through education. We have no reason to suppose genius confined to any stratum of society, either rich or poor. There will come a day when industry will be governed and administered by what are now employer and employee, and what will then be mankind. The utter neglect of provision for this necessary coöperation constitutes a very great defect in the guild socialists' doctrine. In fact, as the author sees it, the title "guild socialism" applies much more appropriately to some such industrial reorganization as the one out-

lined in the Whitby Resolution, than to that proposed by the guild socialists. The latter shares to no little extent the anarchism in syndicalism.

The difficulties of leadership apply, as has been stated, to guild socialism as well as to state socialism. Even greater difficulties are specifically inherent in guild socialism. We have seen how widely varying are the potentialities of wage increase in the industries of to-day. Can we imagine the future guild of railroad workers, for instance, surrendering its great advantage in this respect? This reasoning discloses to us the fundamental fallacy in the idea of working-class unity, whether of the day or of the morrow. A railroad engineer would have about as much in common with a stevedore in the guild socialist state as Mr. Armour, to-day, with the corner groceryman: common their interests would be to a certain point, then they would diverge — widely. Price determination destined to level incomes of the workers of various guilds would involve simply endless litigation in the council of associated guilds, and could end only in deadlock or in maintenance of the *status quo*. Only if scarcity no longer remained a problem, would

so-called guild socialism bring anything like the expected equality in remuneration.

The author fails to realize the necessity of a new theory of state sovereignty to provide for the eradication of existing evils of society. Does the outcry that modern democracies are politically dominated by capitalism amount to anything more than a recognition of the fact that the state stands for the protection of the rights of private property? And where in England or the United States, to-day, do we find the majority clamoring for the abolition of private property? Such a majority may develop in the course of evolution; depend upon it, the state organized upon the present basis will carry out its desires.

In American municipalities we have to-day a perfect example of the proletariat in power. That any distinct urge towards socialism has arisen therefrom, we are at a decided loss to perceive.

Whatever may be the opinion of English labor leaders about the democracy of their own country, we know from Mr. Samuel Gompers' statement that American leaders have no great fault to find in this respect with the United States.

In calmly alluding, as they do, to the little

catastrophe that in the distant future will end private ownership, Cole and certain socialists seem to the author to manifest very poor judgment. They damage their cause by inflaming their followers to sentiments which by their own admission have no application at the moment; and they doubtless alienate the sympathy of many of the liberal among the employing classes. It would be a great pity if all labor agitation degenerated to the mere level of class antagonism. The most successful union leaders in this country have realized this and they regard their own function very largely as bargaining pure and simple. Their attitude is well calculated, the author believes, to promote the interests of their followers to the very best advantage.

For safeguarding the interests of employees against the rapacity of individual employers, and as an agent for accelerating the process of social reform, unionism as a general proposition must receive our endorsement. Certain policies of unionism, however, sabotage, intimidation of fellow-employees, restriction on output, opposition to labor-saving devices — we cannot condemn too strongly. It is to be hoped that the day is near when this country will adopt a highly organized federal labor ex-

change system and compulsory unemployment insurance, both of which reforms will tend to eliminate unionism's opposition to advances in industrial efficiency. If it be true, as union leaders affirm, that this policy on the part of organized labor has been dictated by the necessity for protection against unemployment, then we shall be in a position to know it.

Does the approval of unionism on the part of an employer mean he must up and unionize his help? In the statement of war aims by the Inter-Allied Labor and Socialist Conference occurs the following passage: "The International has always condemned the colonial policy of capitalist governments. Without ceasing to condemn it, the Inter-Allied Conference nevertheless recognizes the existence of a state of things which it is obliged to take into account."[1] We simply draw the parallel.

In every instance, the employer's interests will be promoted by measures making for decency, orderliness, thrift and self-respect among his help. To this last end, various plant group activities — ordinarily called "welfare" — should be organized in such a way as to allow for the greatest of self-direction on the part of employees. Administration of these

[1] Supplement to the *New Republic*, March 23, 1918, p. 6.

activities constitutes an educational influence; and the employees' participation in this administration will do more than anything else to popularize welfare.

These plant activities, ordinarily dismissed as "benevolent autocracy," possess, the author believes, very great social utility. A sum which distributed equally among employees would amount in each case to little or nothing, will often serve for the establishment of facilities affording the greatest of common good. Such are shower-baths, swimming pools, gymnasiums, athletic grounds, rest homes and the like.

Activities costing little and affording great educational, besides recreational, benefit are mill and store papers, day or night schools, dramatic and musical organizations.

An entirely different sort of thing is a new form of coöperation. The author could dilate at great length on the possibilities in plant groceries, restaurants, and dentistries. Here are instances where "benevolent autocracy" costs the employer nothing. These various facilities should pay their own way and still offer their services on a most attractive basis.[1]

[1] Besides saving them money, plant dentistry insures employees against malpractice at the hands of the quacks who infest the profession.

The employer loses little from the use in this manner of an insignificant amount of his capital, premises, and time.

Periodic meetings of employer with employees of the higher grade representing the various departments of store or plant, will be found to promote the interests of all concerned to the very greatest degree. Coöperation in production will be established; a spirit of healthy criticism engendered. Whatever latent possibilities are in the men will be brought out, and the employer himself benefited by the educational experience.

The fact that all these activities weld the sympathy of employees to store or plant of course brings no sorrow to the employer, though it may to the social agitator who desires allegiance. And granted that these devices do not bring the millennium, their value in the transitional process certainly should not be overlooked.

The Programme of the British Labor Party

There can be no doubt of the real nature of many of the dangers foreseen by the Labor Party in connection with the ending of the war.

Conditions in England in the years 1816–20, following the Napoleonic wars, should hold a great lesson for us. As the United States is now, so England was then, the banker of her allies. As now, so then, war needs created an era of tremendous "prosperity." Exports doubled with prices; taxable income increased forty per cent. When the Battle of Leipzig in the year 1813 opened the Continent to British exports, the business tone turned into one of complete speculative mania. Something of the same thing we may see, when in the Spring Campaign of 19—, the Germans are driven out of Northern France and Belgium.

With the cessation of government demands in 1815, the bubble burst. Widespread suffering came with the throwing out of work of thousands of industrial laborers; and this was accentuated by the return to idleness of the half-million or more soldiers.

Unless preventive steps are taken, this may all be repeated in our own case — and again it might not. Much depends on the nature of the peace. Though this does not seem to have proved a decisive factor in England's case, it very probably will in ours. For the nature of peace will determine the demands of foreign trade. Victory will spread an un-

shakable confidence in the future of things; our allies will set about to repair the destruction of war in a spirit of the greatest enthusiasm. We shall be called upon to do our share in material reconstruction; and our industries will prosper. If this reasoning proves correct, the transition to a normal business tone should in our case come gradually and without the shocks of cataclysms.

No such hopes should prevent us, however, from taking every precaution to provide against possible wide-spread unemployment. The federal system of labor exchanges already alluded to, by all means should be established and organized on a firm footing before the ending of war.

The case of government works calls for a much more careful consideration than we are prepared to go into. Experience in England with public works has shown them to be expensive and altogether ineffective in dealing with the quality of labor unemployed in normal times. This, of course, proves nothing in connection with the unemployed in a period of tremendous national readjustment such as the ending of the war will bring about. The great drawbacks to the scheme proposed by the Labor Party are, as the author sees them, diffi-

culties of administration and artificiality. This latter factor may prove a hindrance to the very readjustment sought. Again, we can safely assume that with the cessation of war, many now employed in industry will return to private life, leaving room for part of the returning soldiery. Doubtless, events themselves will very largely determine this nation's policy in regard to public works. It is interesting to note, however, that England has already appropriated a billion for rehousing after the war.

Among the various financial expedients suggested by the Labor Party to meet the burden of war, one bears particular comment. That is their "special capital levy." This amounts to nothing more nor less than a suggestion for a graduated repudiation of the national debt. If this is indeed to be the last war, the policy were well; if not, assuredly not. The reasoning here is obvious.

The specific charges of disorganization, waste and inefficiency during the war laid at the door of employers by advocates of state ownership both in this country and in England, require criticism. They are both vague and meaningless — especially as applied to the United States. It is preposterous to hold American business responsible for a disorgani-

zation which was the nation's as a whole. Was it the fault of the railroads that shipping congestion blocked eastern terminals? Was it the fault of coal companies that railroad congestion blocked distribution? After all, where was the voice outlining the nation's economic policy in the war? That voice of higher strategy has yet to this day to be heard.

A few isolated cases of hoarding and graft must not blind our eyes to the fact that our producers have done their job as well as possible under trying circumstances. What by way of criticism is true is that these men have charged outrageously for their services. Profiteering in consumables we have seen going on all around us in the capitalization of patriotism: e. g., in brown woolen yarn for knitting soldier boys' sweaters; flags and bunting; war-bread flour. Profiteering in producers' goods, not so readily apparent to the ordinary observer, has been proceeding in a like manner. In many industries there obtains, to-day, five to ten times the normal *rate* of profit. The matter is one in which we should incline to the censure, not of the individual, but of the whole social group. But before talking reform, let us attempt an understanding of the situation and as the means to this, let

us briefly review economic conditions in the United States since the beginning of the war.

The declaration of war in 1914 brought financial demoralization both in England and the United States. Investors for the moment completely lost confidence and dumping of investment securities forced closure of both London and New York stock exchanges. For a time the panic was acute.

The war found England, and to a considerable extent her allies, unprepared. They were called upon, they found, for a life and death struggle; they had to have help and they turned to us for it. Purchasing agents came over for the various governments in swarms, and placed orders at what were then big prices. Money was no consideration; they had to have the stuff.

After a while, gold began to flow in in a steady stream. The Allies were still able then to do business on a money basis. By 1916 the United States came to hold one-third of the world's whole gold supply. Commercial writers were aware of the danger of inflation and bewailed the situation.

Prices in general began to go up "on account of the war." Scarcity everywhere was capital-

ized. Chemical and dye imports were largely cut off; importing merchants knew the strength of their position and exacted their full toll. Shrewd men at the outbreak of war went around buying up old metal scrap; later this came almost literally to be worth its weight in gold.

All the while expansion of industry went steadily on. There was a good deal of real prosperity: America was simply waxing rich on the war necessities of the Allies.

Then came our entrance into the war. There was a moment at first of financial uncertainty. Then investors began to realize where they came in. Many of our producers were already occupied with Allied orders; business held a brisk tone. Think, now, of the effects of the tremendous additional demand. This was not merely confined to the government. There were a hundred new articles demanded by civilians. The railroad congestion increased; uncertainty of delivery on this account, as well as on prospects of "the government taking over output," grew likewise and was rapidly capitalized. Orders coming in ran bigger than usual and manufacturers fell over each other in an effort to enlarge their plants. Our producers came to be in much the same position

as our allies — delivery, anything for delivery. A commodity famine in the midst of plenty developed. And so interdependent is all industry that the famine was universal.

Certain commodities became almost priceless. Structural steel sold at $128 per ton — the manufacturers afterwards "patriotically" accepted $56 when basic prices were fixed in the industry. Profits in the metal trades from the beginning of the war had been immense; now they were monstrous. In two years the United States Steel Company was able to raise wages fifty per cent and still cut a small melon on its common stock. Then the government took to agricultural price-fixing. It encouraged wheat production by a price of $2.00 a bushel, which represents an increase of slightly over one hundred per cent upon the value of the commodity in normal times. Partly, of course, the price did cover increased expenses of production. Other farming interests felt they were due "theirs," too — cotton growers, for instance. Government reports predicted a short crop. To listen to the growers you would have thought the seven plagues of Egypt had struck the South. Exports were partially diminished; but the last crop too was short. The day Ambassador Bernstorff sailed, cotton took a

sensational drop to thirteen cents per pound; in November, 1917, it sold at thirty.

Those producers who were booked ahead at the beginning of the war, by July found expenses eating them up. On further business they were determined to get "even" — and they did.

Under such circumstances business becomes an insidious plot. The conspirators unconsciously organize to hold up the rest of the community. Virtually the situation amounts to a case of honor among thieves. In such times as these are the foundations of great fortunes laid. A redistribution of the social income takes place tending to aggravate gravely the inequalities already existing. Professional and wage-earning classes are gouged to the benefit of the employing. Wages rise with prices, but neither as quickly nor to the same extent — not nearly to the same extent in most industries; — and wages tend to fall directly with prices. In so far as these years of extreme prosperity exist, our reasoning on possible redistribution is, therefore, vitiated.

The wartime financial conditions in the United States, as just sketched, bear all the ear-marks, though greatly exaggerated, of the "prosperity" which tends to occur periodically

in normal times. Economists perceive in recent history the occurrence of these boom periods about once every ten years. Regularly they are followed by crisis or depression. This industrial cycle has received a variety of attempted explanation ranging all the way from sun-spots to social psychology. The theory most widely held to-day views it as a phase of competitive industry which, expanding in advance of demand, tends to overreach. To the author the situation appears just reversed: demand expands in advance of industry. The author has not attempted to develop this theory, but he regards it as significant that at least in three instances within a hundred years have industrial cycles been manifestly determined by suddenly increased demands: at the time of the Napoleonic wars, the Civil War, and the Great War. Why has not the Russo-Japanese War been thought of in connection with the panic of 1907? Assuredly we exported to meet war demands. In an organization as highly concatenated as modern industry, a greatly increased demand for even a few commodities, coming of a sudden, suffices to generate a brisk business tone. The effect works out as follows: in part, the increase in price of these commodities necessitates a rise

in other values to offset expense increase; in part, unusual profits prompt unusual profits. In a limited sense, the social psychology theory therefore proves valid.

From the standpoint of social welfare we cannot too strongly condemn the industrial cycle. In its immediate working the phenomenon generates more or less acute necessity in the case of a large portion of the population; through the bringing on, eventually, of widespread unemployment, it is responsible for a heightening of the effect. It is the cause in the case of business men of the strain and worry incident to risk and uncertainty. It injects into economic activity the predatory element. It puts a premium on skill in bartering and minimizes the importance of inventiveness and organizing ability. It impoverishes the wage-earner; harasses the employer; renders business sordid; retards industrial progress. What, in the final analysis, can be the advantages of wealth gained under such conditions? Judging it in all its aspects, in the opinion of the author, the industrial cycle constitutes the most vicious element in the whole of the existing economic order. Any serious effort towards its eradication must certainly find endorsement from all who hold at heart society's interests.

There are two ways in which the stabilization of prices necessary to the termination of the industrial cycle could come about: 1. Control of the money market; 2. Establishment of maximum prices.

In his work called "The Purchasing Power of Money," Professor Irving Fisher has set forth a scheme for the control of the money market. Briefly put, the plan calls for the establishment of a national or international board to buy and sell gold for the purpose of effecting a stabilization of its purchasing power. The operation would be exactly analogous to the maintenance of the relative value of gold and rupees which India effects through funds held in London and Calcutta.

It is worth while noting that Professor Fisher's scheme has received the endorsement of several distinguished economists. Professor Pigou, for instance, inclines to a belief in its practicability and considers a very substantial net benefit would probably result from its operation.[1]

Rigid fixing of maximum prices is the way out suggested by the Labor Party. This would be instituted after a careful study of indus-

[1] *Wealth and Welfare*, The Macmillan Co., London, 1912, p. 438.

trial costs, and prices would be fixed at "the factory, at the warehouse of the wholesale trader and in the retail shop."

The institution of maximum prices would possess the distinct advantage of putting the greatest of premiums on industrial efficiency, for only through increased efficiency could a man hope to attain considerable wealth. As heretofore competition would tend to fix the exact selling price of a commodity. But the producer putting out his product most cheaply would gain a rent, as it were, on his ability. Any expansion of his facilities would tend, through the crowding out of his competitors, to decrease the competitive price. The movement of prices could be in only one direction — downward.

The author is unable to see how such a plan would interfere with the working of the law of supply and demand. As under the present system, demand would be expressed by consumers and would reach producers either directly or through middle-men. As always the producer would have to produce to live. His gains would enable him to expand to meet increased demand; or credit could be extended to him for that purpose through a centralized banking system.

This plan of centralized supervision of loans to support expansion of industry itself deserves recommendation. Through some such board or boards as the War Finance Corporation, expansion could be supervised, and overreaching in any particular line prevented. This would tend to remove the possibility of operation of one of the most plausible causes of cyclical fluctuation in industrial prosperity and would itself constitute a great step in the right direction.

The author believes the plan of fixation of maximum prices would not interfere with foreign trade. Presumably the domestic price schedule would apply to exports. If prices proved attractive, foreigners would buy, paying back with their own commodities.[1] There would still remain a gold basis to the financial structure, though it is probable that the state would control gold production and regulate the gold movement.

To the author's way of thinking, a better basis of price-fixing than the cost accounting method suggested in the Labor Party's programme, would be the averaging of commodity

[1] This exchange would go on as to-day; it might be direct or it might go on through the agency of third parties. The point is that the essential nature of international trade would not in the least be altered.

prices over a long period — say the past twenty years. Over such a period we could be fairly certain of a "normal" price for each commodity, and the calculation would be lightened.

As long as all prices of all commodities and services of society were to be fixed on a relative basis of cost, it would matter little how low the basis were laid. From considerations in connection with international trade, the lower, the better. Established in such a manner by a great trading country like the United States or England, a price schedule might conceivably be adopted, through the workings of competition, by the whole world.

The great difficulty in price-fixing lies, of course, in the manifoldness of the commodities consumed by modern society. It is extremely difficult to see how there could be secured that complete protection of the household consumer talked of in the Labor Party's programme. Producers' goods offer on the whole an easier field for the application of price-fixing. But here too the difficulties are immense. In cotton manufacturing, for instance, variety can literally be said to have no limit. A single crop will bring some grades of cotton worth twice as much as other grades; and the gradations are numerous. Then there are an infinite

number of possible weaves and an infinite number of possible finishes. So that price-fixing would be endless. The same can be said in respect to woolen manufactures, and to some extent, of every branch of industry.

Of course, maximum prices could be set without any exact correspondence to relative costs of production. These rates would then merely constitute barriers to any decided price inflation. High income or excess profits taxation could be depended upon to even up things as between producers, although there would be no real equality unless such taxation took all earnings above a certain percentage on capital. Such modified equalization of income — that is what this suggestion amounts to — probably will be unwelcome for some time.

In the programme of the Labor Party the eight-hour day represents a device for meeting unemployment. To those of us who are specifically afflicted with the equality complex in its æsthetic form, the eight-hour day stands for a reform in itself of the greatest desirability. Just as the little after-dinner half hour is said to have made the British Empire, so the author feels that the hours from four to six have it in them to make mankind. It is hardly necessary to repeat what has often

before been said of the advantages of the eight-hour day in health, personality and disposition; to dilate upon the many little niceties of life which would arise from its introduction, upon its potentialities in the way of environmental beauty. Taking any one country at any one period, the efficacy of the reform would very largely depend, of course, upon the spirit in which it were introduced. Along with the eight-hour day a victorious America might inaugurate a campaign for national clean-up along the lines of "the city beautiful." Might not the effect indeed prove stupendous?

Objections to the eight-hour day are concerned entirely with the threatened curtailment of production. After his long tirade on the subject of scarcity, will the author proceed now to advocate a measure tending further to restrict society's income?

First of all, let the author say that the scarcest thing in the lives of many of our workers, be they employees or employers, is leisure. A life which means arising at six and working until six is no life at all. And yet this is the daily programme of millions of our people. How many millions? Not so many. Therein

lies the real answer to the objections to the eight-hour day.

Let us turn again to a consideration of the national income. In 1910 it was made up as follows:

	In millions
Government	2,591.8
Commercial and Professional services	8,977.2
Manufacturing, light and power	8,437.6
Transportation	2,656.0
Fishing	48.9
Mining	976.0
Agriculture	6,842.0
Total	30,529.5

Running over this list, we find actually that Manufacturing presents practically the only instance where an eight-hour day could be expected to bring about a reduction of national income. Government (really administration) we know in normal times to be organized on an eight-hour basis: employees reach their desks at nine or maybe eight; they rarely work until five. Similarly with working hours in commercial and professional lines. Men of the higher professional type always, of course, carry their cares about with them; that is their misfortune, however. Their employees often do not work a full forty-eight-hour week. The same more or less regularly applies, nowadays, to the summer-time schedule of wholesale and

retail mercantile establishments; and in no event can employers in this line suffer from curtailed working hours since their production bears no exact relation to working hours.

In the case of transportation, the eight-hour day already applies to railroad employees engaged on interstate runs. In regard to seafaring, it is inapplicable; similarly in the case of fishing and agriculture. In this last industry, for instance, working hours and conditions very largely take care of themselves. The point need not be stressed. Essentially the factory workers of our cities and mill towns are the people for whose immediate benefit we are introducing the reform and in whose case productivity may be curtailed.

In mining we know the eight-hour day already prevails.

Let us allow for a decrease of 10% in our commodity income from Manufacturing (including light and power). This figure is about right: we know in the case of hand workers of all kinds, that production will not decrease to the full extent of hours; and we know, too, that in many instances the eight-hour day would not mean a 20% curtailment of working hours. Let us allow for a full 20% reduction in our income of services from Transportation

— we may have figured a little too closely on Manufactures. We find now, counting on the 10% reduction in the one case and the 20% reduction in the other, that the decreases in our real income would amount respectively to 843 millions in Manufactures and 531 millions in Transportation — together adding up to 1374 millions. Applying this sum against the figure of 30,529.5 millions, we obtain the surprisingly low figure of approximately 4.5% as a measure of the total decrease in national income to be expected from the introduction of the eight-hour day.[1]

But even this does not tell the whole story. It is entirely conceivable in the case of the laboring classes that this slight reduction in real income might be largely offset through the introduction of recreational handicraft. There would be time, now, for the old substantial work of hand labor — time, in fact, for artistry itself. There would also be at hand for this activity the necessary raw materials — at least of the basic variety — because with a decrease

[1] Perhaps the reader may regard governmental and other services as rather hazy items of income, and object that their inclusion in national income through increasing the figure for the total, diminishes the figure for the expected decrease. In reply the author insists that such services as legislating, policing, educating, doctoring, cooking, and nursing, are as much a part of real income as railroad ties, shoes, ham and eggs, and postage stamps.

of working hours, there would be a decrease in factory consumption of these articles. Gardening and plant culture, again, would enter in, in many instances, to increase the laborer's income.

The probability is that any reduction of income whatsoever would tend to be overcome in an unusually short time. The eight-hour day makes better provision than any other single reform for the development of increased industrial efficiency. That comes largely through invention; and invention comes largely through leisure and opportunity for study. Employer and employee alike would be liberated to pursue this constructive function.

Who would bear the cost of the eight-hour day? However nicely, from their standpoint, the plan of maintenance of wage and price rates effected redistribution in the case of our model mill, social reformers must realize that applied to industry as a whole its workings would vary so widely as to be grossly inequitable. Were the price schedule machinery in operation, as outlined in the Labor Party programme, conceivably prices might be changed by statute to cover increased costs. Or prices as now might be left to the forces of competition, and the increased costs passed on or not according to conditions of demand and supply.

Advocates of the eight-hour day will probably do well in not trying to use their reform as a means of redistribution. Accordingly, if in their programme they stipulate maintenance of wages, they must not demand also maintenance of the existing prices. The aim should be to throw the burden of increased cost on society as a whole.

We can safely assume that the institution of the eight-hour day would interfere very little with the accumulation of capital, or in other words, with the expansion of industry. In fact it would in all probability accelerate the process. The same amount of raw material would be at hand — natural resources would be undiminished. But the available labor supply for manipulating them would be greater: working shorter hours, labor could be "spread out" more. Many wage-earners thus would be displaced and could be turned to other employments. We should in this manner utilize our labor potential and increase our national productivity.

And now a few plain words in regard to redistribution of the social income. Some redistribution with graduated protection is to be desired from every point of view. In particular, provided it be not so great as to discourage

all saving, such a change should reform the canons of upper-class expenditure which we know work so much havoc upon society at large. Only in this manner, moreover, can the reform come about. Because pearls are snatched from shark-infested depths by Fiji Islanders, and because they are rare enough to be preëminently the ear-mark of social distinction, does not in the least negative their essential beauty. Doubtless even Professor Veblen would admit that. Therefore, people will not deny themselves pearls as long as they are able to afford them, and limitation of expenditure becomes the only solution. And as with pearls, so with many other commodities and services of life.

The author relies on three devices for effecting redistribution: trade unionism, the minimum wage, progressive income taxation. The specific efficacy of each is too well known to require prolonged comment. Trade unionism not only insures the maintenance of the real income of labor at all stages of the industrial cycle, but in its power to acquire for the wage-earner a share of the gains of industrial progress, has, potentially, a redistributive function in an exact sense. The minimum wage raises the level of competition in particular lines of in-

dustry and establishes a standard of living below which society decrees the lot of none of its citizens shall fall. Progressive income taxation, without materially lessening the stimulus to productive effort, partially confiscates the gains of the fortunate individual in society and turns these means to the purposes of common good. One and all, these devices have social utility. But their introduction and exercise must be directed by the guiding principle of enriching life. In other words, to use the popular phrase the tendency of distributive reform should always be to level upwards, — never downwards.

Conclusion

THE LIBERAL IN LIFE

Summary

The above observations on social reform may be very briefly summarized as follows. Examining first of all the social reformer himself, we discover an individual whose judgments often need to be discounted. Examining next the subject of social reform, we find a life dominated by the two essentially non-idealistic elements, struggle and scarcity. The consequences of this condition must be faced without flinching: we perceive reform to be possible, revolution, not improbable but impossible. The conclusions arrived at are that effective reform must aim at the elimination of anti-social struggle and at the overcoming of the fundamental scarcity. And the reforms endorsed are the concrete embodiment of these ideas.

Such are the essentials of the larger liberalism. And now a word as to the place of this liberalism in life.

Of the fact of continued social evolution up-

ward, we may rest assured with a sublime faith. But the most boundless enthusiasm should not blind the eyes of worshipers at the shrine of idealism to the inherent slowness of the process. Reform will come bit by bit, in little chunks, chiseled by time from society's own adamant heart. A proper realization of the tortuous difficulty of the process presents the more forcefully the necessity of coöperation on the part of all.

The place for the liberal is in life. No amount of book-writing and detached "reforming" can equal the proselytizing power of precept and example. Sustained and efficient effort in the vocation chosen, generosity towards friends and associates of classes and walks of life, the proper observance of the social virtues, a due regard for production in consumption, these are means by which any one, anywhere, can serve society well.

Some day there shall come to this earth such a race of men and women as we all dream of: kind, efficient, astute, beautiful in every case with the grace and dignity of well-meaning. Men will be men and yet part women; and women will be women and yet part men. Maternity will be introduced into the state, the home and the workshop.

For the present we are all of us what we are. The liberal must face the situation. He should take his place in a spirit of comradeship in an everyday world among his fellow men. From his full entrance into life, the wide world will gain much; and by his experience the liberal will himself be very greatly benefited.

WITHDRAWN
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